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# FINANCIAL TIMES

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## WORLD NEWS

### Soviet envoy steps up Gulf peace efforts

Yevgeny Primakov, Soviet special envoy in the Gulf crisis, refused to comment on suggestions that Iraq had offered a partial or complete withdrawal from Kuwait as he returned to Cairo for talks with Egyptian President Hosni Mubarak.

In a separate development last night, German foreign minister Hans-Dietrich Genscher said his government had rejected an offer by Iraq to free all German hostages under certain conditions. Page 3; Mood in Baghdad, Page 22

**Weekend storm warning**
The Meterological Office issued a severe storm warning for this weekend, predicting a possible repetition of gales earlier this year which killed at least 60 people in Britain and Ireland. The Met Office said wind speeds could reach between 50 and 70mph.

**Israeli killings probe**
An official Israeli inquiry into the police killing of nearly 20 Palestinians early this month criticised police but blamed Palestinians for the violence. A decision is expected tonight on allowing Palestinians from the occupied territories to re-enter Israel. Page 3

**Six months jail for Barry**
Marion Barry, mayor of Washington DC, was sentenced to six months in prison for possessing cocaine. Page 2

**Crete bank trial ordered**
An Athens court ordered 11 former heads of some of Greece's biggest public corporations – including Olympic Airways, the telephone company and post office – to stand trial on charges related to last year's alleged $200m (£102m) embezzlement at Bank of Crete.

**Indian minister quits**
Indian environment minister Maneka Gandhi resigned from the cabinet, signalling the first open revolt in the beleaguered government of prime minister V.P. Singh. Page 3

**Zimbabwe students riot**
Riot police fired tear gas at students who set fire to a building at the University of Zimbabwe in Harare during a protest against a law granting greater disciplinary powers to school authorities.

**Winnie Mandela warrant**
Johannesburg magistrates issued an arrest warrant for Winnie Mandela when she failed to appear in court to face charges arising from alleged business irregularities.

**Anderson anniversary**
Kidnapped American journalist Terry Anderson, the longest-held among 13 westerners missing in Lebanon, turns 43 today, his sixth birthday in captivity.

## BUSINESS SUMMARY

### Gorbachev eases control of investment

President Mikhail Gorbachev yesterday ordered a radical relaxation of controls on foreign investment in the Soviet Union, allowing 100 per cent foreign ownership, repatriation of profits, and introducing a commercial exchange rate of the rouble.

The long-awaited package, the most substantial move yet in the traumatic economic reform process, was part of a package of three presidential decrees to attract foreign investment, boost Soviet exports and transform the Soviet economy into a market system. Page 22

**DAVIES & NEWMAN**, holding company for the troubled Dan Air airline, announced a pre-tax half-year loss of £18.7m compared with a loss of £7.66m for the same period last year. Page 8

### Polly Peck collapse

**Cash crises are nothing new at Polly Peck International. Early in 1987, some staff at head office were going without salary and assets were being sold as the company struggled to make a dividend payment.**
Polly Peck rise and fall, Page 7
Polly Peck affair, Page 8

**LUNN POLY**, the UK's biggest chain of travel agents, and Thomas Cook, the second biggest, guaranteed holidaymakers their money back within 24 hours if their tour operator goes out of business. Page 4

**SHARP**, the Japanese electronics group, announced a 20.6 per cent increase in half-year profits to a record Y40.4bn (£181m). It attributed the rise to strong sales of cordless telephones, air conditioners and liquid crystal displays (LCDs). Page 10

**AETNA LIFE**, the third largest insurer in the US, coupled news of a near-6 per cent reduction in its workforce with a sharp drop in third-quarter net profits to $88.6m (£45.3m) from $182.6m a year ago. Page 10

**UNISYS** saw its share price plunge amid fears for the future of the US computer and defence manufacturer, which reported third-quarter losses of $357m (£182.5m). World Stock Markets, Page 19

**SUMITOMO BANK**: Two former executives of the leading Japanese commercial bank were indicted on charges of arranging Y43.8bn (£176m) in illegal loans for stock market speculators. Page 3

**EAGLE STAR**, the general insurance subsidiary of BAT Industries, announced that it is planning to sell its French general insurance subsidiary, Eagle Star France. Page 8

## Do you have one of these?


It could pay to have red under the bed . . . Page 22

■ Chancellor attacks supporters of European bank ■ PM faces isolation at EC meeting

# Major warns against rapid move to single currency

By Peter Norman, Economics Correspondent



MR JOHN MAJOR, the chancellor, has warned that the rapid imposition of a single European currency would produce "intolerable" economic strains and seriously divide and damage the European Community.

Using unusually forthright language, Mr Major attacked those of Britain's EC partners who supported a single currency and a European central bank as "very unwisely politically driven".

The chancellor's remarks, made in a wide-ranging interview with the Financial Times this week, come at a critical time. EC heads of government meet in Rome today and Mrs Margaret Thatcher, the prime minister, is likely to find herself isolated once again as she refuses to commit Britain to the goal of a single currency.

Mrs Thatcher is also likely to resist attempts to fix a date for embarking on stage two of Economic and Monetary Union as outlined by last year's Delors committee report.

Earlier this month, the Conservative party conference showed widespread divisions about Europe but strong grass roots opposition to a single currency which are clearly reflected in Mr Major's remarks.

Mr Major was confident the party would not split over Emu. "They will not go for a single currency," he said.

In the interview, Mr Major also:

- acknowledged that a recession in Britain was now "conceivable". But, if it took place, it would follow a period of exceptionally high growth and be "quite shallow and hopefully not too long";
- strongly denied that the prime minister had forced him to cut bank base rates to 14 per cent from 15 per cent at the time of the pound's entry into the exchange rate mechanism and on the eve of the Conservative party conference.

"I don't have the slightest shred of doubt that it was economically right to reduce interest rates by one per cent," he said.

Mr Major said moving to a single currency with a single monetary policy too speedily and on an imposed basis "would produce the most immense political and economic strains in Europe".

"It would economically divide the Community and damage it in a way that almost no other policy could," he said.

The chancellor said that he wanted the Community to be open to new members. "We need it to be open. We need it to be able to develop slowly and wisely." In the event of a rapid move to economic and monetary union, weaker, less flexible countries on the fringe of Europe – and by this he did not mean Britain – would fall badly behind.

"They would demand huge transfer payments from the northern states. They wouldn't get them. And there would be the most amazing economic differences in Europe," he said.

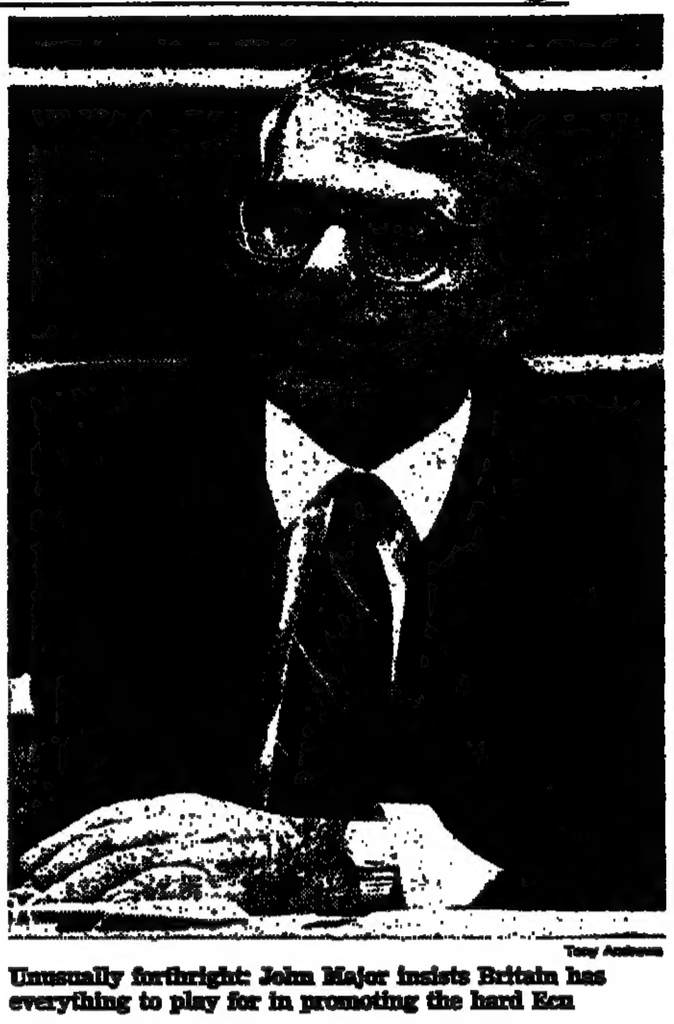
Mr Major said Britain still had everything to play for in promoting its "hard Ecu" alternative to the Delors plan ahead of December's EC Intergovernmental Conference (IGC) on economic and monetary union. He said his colleagues in the EC privately recognised the danger of going too quickly towards a single currency.

"The whole of Europe hasn't signed up to the hard Ecu. Of course it hasn't. But it is now very much in the debate," he said.

"Now this is before you get to the IGC, before they start looking at the nitty gritty, before they decide precisely which governors on the central bank have which powers and whether the largest and most powerful nation has the same representation as the smallest and the least powerful.

"Before they decide the detail that they would have to carry through their domestic parliaments in legislation.

"None of that has been started on. So how can people draw conclusions on what the end product is going to be?



Tony Andrews

**Unusually forthright: John Major insists Britain has everything to play for in promoting the hard Ecu**

# Bank steps in to aid Brent Walker

By Stephen Fidler and Maggie Urry

THE BANK of England has stepped in to ensure bankers to Brent Walker, the heavily indebted leisure group, continue to support the company.

It emerged last night that the group's bankers had agreed arrangements covering some of the £1.15bn lent to Brent Walker, as part of the company's move to raise £103.3m through a bond issue.

Before the agreement with bankers was known, Brent Walker shares fell sharply yesterday. At one point they touched 19p compared with 72p at the opening and their high for the year of 375p. They closed at 45p, valuing the group at £22.6m.

Brokers said the fall reflected investors' concern about highly borrowed companies after the appointment on Thursday of administrators at Polly Peck International, the fruit, electronics and leisure company.

One broker said some institutional shareholders had sold shares because they feared a suspension of the Brent Walker share price, as in the case of Polly Peck, which prevents trading in the shares.

Brent Walker's creditor banks, headed by Hill Samuel, have agreed to lock in current short-term credit lines of £240m for at least a year and to provide a further £40m of new money. This would allow some asset sales.

As part of the agreement with banks, financial controls at the business are expected to be tightened and a new finance director installed to replace Mr Wilfred Aquilina.

News of the move by Brent Walker's banks comes after Thursday's speech by Mr Robin Leigh-Pemberton, governor of the Bank of England, in which he chided banks for careless lending and warned them of problems which could arise as a result.

Bankers said the central bank was apparently anxious to avoid a repeat so soon of the experience of Polly Peck.

**Brent Walker**
Share price relative to the FT-A All-Share index


They added that co-ordinating the smaller number of creditors for Brent Walker would have been easier than for Polly Peck, and the company was simpler to understand.

Brent Walker, which operates pubs, betting shops, hotels and marinas, is headed by Mr George Walker, the former boxer. He was not available to comment yesterday.

The company has grown rapidly since its stock market float in 1985. However, much of its recent expansion has been financed by bank loans.

Last month the group announced the £103.3m convertible bond issue to repay some of its debt, but it has been slow to publish listing particulars for the bond issue, and the delay has caused investors to be nervous.

It now emerges that the hold up was due to the need to gain agreement to the bond issue from the group's bankers. This resulted in the rearrangement of some of the group's debt.

Smith New Court, Brent Walker's broker, said last night: "The document will be published on Monday and will make quite clear the financial status of the company and the continuing support of its bankers."

London stocks, Page 13
Lex, Page 22

# 22 held in Liverpool council fraud probe

By Emma Tucker

MR DEREK HATTON, former deputy leader of Liverpool city council, was released on police bail last night after being arrested earlier in the day by police investigating allegations of corrupt land deals involving the council.

Mr Hatton, who was freed on extended police bail, was one of 22 people, including several Liverpool city councillors, arrested early yesterday morning when a squad of 280 officers raided homes and offices on Merseyside, in Greater Manchester, Cheshire and Lancashire, executing 60 search warrants. Some of those arrested were still in custody last night.

Mr Hatton's solicitor, Mr David Phillips, said no charges had been made against Mr Hatton. "He is denying all the allegations that have been put to him."

The raid came less than two months after a similar one in which detectives from the Merseyside Fraud Squad arrested 11 people believed to include former senior officers of St Helens borough council, another Merseyside borough.

Merseyside's assistant chief constable Mr Clive Atkinson said this was the first phase of a long-running investigation that resulted from an inquiry into serious allegations of corruption by city councillors and members of the public over the sale of land and buildings by Liverpool City Council between 1985 and 1990.

Mr Atkinson said police were determined to get to the bottom of recurring allegations made in the city in recent years. He said a great deal of information had already been uncovered.

Liverpool city council has been burdened by debts in recent years. Many of them
Continued on Page 22

# Sweden unveils crisis package

By Robert Taylor in Stockholm

SWEDEN unveiled a crisis economic package yesterday in which it abandoned six decades of commitment to full employment and cut support for the welfare state.

At the same time the Social Democratic government signalled its intention to join the European Community.

The package proposed cuts in the level of sickness benefits, reductions in the size of the state bureaucracy, the partial privatisation of telecommunications and electricity supply, a lowering in the school starting age from seven to six years and efficiency savings in government departments.

The measures, which included cuts in the public sector of SKr15bn (£1.37bn), showed that, for the first time, the Social Democrats accepted that cuts were needed in the Swedish welfare state to stimulate the market economy.

It also indicated that the government accepted the abandonment of its traditional commitment to full employment.

Employers and economists expressed doubts over whether the money markets would regard the package as large enough to restore confidence and reduce Sweden's high interest rates.

The head of SAF, Sweden's employers organisation, described the package as only a "half measure". Mr Ulf Laurin added: "It will not restore industry's belief in the future nor the market's confidence in the country's economic policy".

Mr Ingvar Carlsson, the prime minister, said the Social Democrats would seek support from the other parties in parliament in a declaration that would "clarify" it was "Sweden's ambition to become a member of the European Community."

This marks a change in the government's attitude to the EC. Previously it has been hesitant about commiting itself to EC membership.

The two main opposition centre parties have already said they want Sweden to seek membership by 1993.

Austerity package, Page 2
Lex, Page 22



## MARKETS

**STERLING**
New York lunchtime:
$1.9555
London:
$1.956 (1.9535)
DM2.985 (2.9575)
FFr9.9225 (9.8975)
SFr2.505 (2.495)
Y250.25 (248.5)
£ index 94.8 (94.6)

**GOLD**
New York: Comex Dec
$373.2
London:
$373.0 (375.25)

**N SEA OIL** (Argus)
Brent 15-day Dec
$32.95 (32.20)

Chief price changes yesterday: Page 22

**DOLLAR**
New York lunchtime:
DM1.5155
FFr5.0755
SFr1.28
Y128.25
London:
DM1.516 (1.5135)
FFr5.0725 (5.067)
SFr1.2805 (1.277)
Y128.0 (127.2)
$ index 60.6 (60.3)
Tokyo close: Y128.5

**US LUNCHTIME RATES**
Fed Funds $7\frac{7}{8}$%
3-mo Treasury Bills: yield: 7.36%
Long Bond: $99\frac{7}{32}$
yield: 8.76%

**STOCK INDICES**
FT-SE 100:
2,063.1 (−25.6)
FT Ordinary:
1,598.4 (−19.1)
FT-A All-Share:
997.77 (−1.2%)
New York lunchtime:
DJ Ind. Av.
2,459.90 (−24.26)
S&P Comp
307.36 (−2.81)
Tokyo: Nikkei
25,005.64 (−345.99)

**LONDON MONEY**
3-month interbank:
closing $13\frac{23}{32}$ ($13\frac{27}{32}$–$\frac{11}{16}$)
Liffe long gilt future:
Dec $84\frac{7}{16}$ ($84\frac{5}{32}$)

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Austria Sch24; Bahrain Din0.700; Bermuda $1.50; Belgium BFr55; Canada C$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr180; Hong Kong HK$14; Hungary Ft107; Iceland IKr160; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.60; Italy L2000; Japan Y600; Jordan JD1; Korea Won 2000; Kuwait Fils.500; Lebanon £1,400; Luxembourg LFr55; Malaysia Rm4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Nigeria Naira12.00; Netherlands Fl3.25; Norway Nkr12.00; Pakistan Rs35; Philippines Pso 40; Poland Zl 9000; Portugal Esc165; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta165; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.50; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L2000; UAE Dh7.00; USA $1.50.

# Medicare curbs eased as budget deal put in place

By Peter Riddell, US Editor in Washington

ELDERLY beneficiaries of Medicare health provision will face only modest increases in costs as part of the US budget package which was being finally put in place yesterday.

Congressional negotiators completed work early yesterday on the last details of the $500bn (£253.8bn) deficit reduction package so that final approval by the relevant committees and by the full Senate and House of Representatives can be completed over the weekend.

While the votes are expected to be close, there is a general feeling of exhaustion on all sides and a desire for Congress to adjourn so that members can return home for elections in only 10 days' time on November 6.

Despite the likely opposition of most House Republicans, Mr Tom Foley, the Democratic House Speaker, said yesterday he was "increasingly confident that we'll have the requisite bipartisan support". President George Bush commented during a California campaign stop, "we may be on the verge of a budget agreement."

Once the package has been approved, both the White House and congressional leaders will step up calls on the Federal Reserve to reduce interest rates. Mr Alan Greenspan, the Fed chairman, hinted at such a cut by describing the original summit package as "credible". However, any Fed action is likely to be cautious because of fears about rising inflation.

The main emphasis in the past two days' discussions has been on maximising the vote. For instance, negotiators have agreed to assuage the powerful elderly lobby by limiting the increase in Medicare costs for beneficiaries, but cutting back substantially payments to doctors and hospitals by around $32bn over five years.

Overall, five-year savings on Medicare likely to be only about $43bn compared with the $60bn target in the budget summit agreement rejected by the House three weeks ago.

Lobbyists have been manoeuvring to secure tax breaks and advantages for particular interests. The final legislation is likely to extend tax reliefs on low-income housing, on health insurance for the self-employed, and on corporate research spending. New tax reliefs are also included for independent oil and gas drillers and for ethanol production.

The latter concession primarily benefits Archer-Daniels Midland, whose chairman, Mr Dwayne Andreas, is a leading backer of Senator Robert Dole, the Republican minority leader and a key budget negotiator.

# Washington mayor jailed 10 days before city polls

By Peter Riddell

MR Marion Barry, mayor of Washington DC, the US capital, for the last 12 years, was yesterday jailed for six months for possessing cocaine – only 10 days before he seeks election to the city council.

The mayor's drug and alcohol problems have gripped the city since he was arrested in a videotaped sting operation last January. Mr Barry has been the most prominent black leader in a majority black city ravaged by drug abuse and associated violence and murders.

Yesterday's sentence for the misdemeanour charge has no effect on Mr Barry's eligibility to run for the city council since under local law only someone sentenced for a felony is disqualified. While he retains core support in Washington's black community, several leading black politicians have refused to support him against a popular incumbent.

Mr Barry has described the decision of his old friend Mr Jesse Jackson not to back him as "a betrayal."

Even if Mr Barry wins on November 6, his career as Washington's leading black politician is over, with supporters and financial contributors rallying behind Mrs Sharon Pratt Dixon, who will probably be new Democratic mayor.

Mr Barry decided not to seek re-election as mayor before he was convicted on August 12 on one count of cocaine possession. He was acquitted on another count and the jury could not reach a verdict on 12 other charges, including perjury.

The judge ruled that Mr Barry's position as mayor and his "breach of public trust alone warrants an enhanced sentence." He argued that "having failed as the good example he might have been, the defendant must now become an example of another kind."

Apart from six months in prison, subject to appeal, Mr Barry was fined $5,000 and given one-year's probation. He has also been ordered to join a drug rehabilitation programme and will be subject to random drug testing during probation.

# Spanish VAT fraud plot opens debate on policing

By Peter Bruce in Madrid

THE discovery this week of a big VAT fraud conspiracy in Barcelona and the prospect that Madrid could begin to lift capital controls early next year are opening up an urgent debate in Spain over the efficiency of revenue policing and the mechanisms used to attract undeclared income into the system.

Long before police arrested 10 people in Barcelona this week in connection with an elaborate VAT fraud that earned at least $24m this year, political leaders had been warning that evasion of VAT was reaching critical proportions. The Finance Ministry believes 30 per cent of payable VAT is not collected, which partly explains a $2bn revenue shortfall this year.

The Spanish authorities may soon create a copy of the much feared US Internal Revenue Service to chase down evaders. Government officials believe that up to $30bn of undeclared income remains to be tracked down.

Last year and in 1988 the government found some $15bn worth of single premium life insurance policies created by banks trying to help their clients escape withholding taxes on savings accounts. The revenue service says it has also discovered that use of unnamed bank accounts, normally used to hold funds pending a transaction, has increased by $2bn in recent months.

Large-scale evasion is being made more acute now that Spain has committed itself to lifting the last of its capital controls before the December 1992 deadline imposed by the European Community.

The government fears a mass escape of 'black' money once the controls are lifted and is looking a more attractive and less opaque replacement for the low-interest Treasury Notes (Pagares del Tesoro) it launched a few years ago to attract undeclared income - no questions, it promised, would be asked of buyers - quickly lost their appeal and have also become a political embarrassment.

# Report sees wide benefits from EC farm subsidy cut

By Tim Dickson in Luxembourg

A CUT of 30 per cent in European Community farm support would boost world agricultural trade by 11 per cent, give an overall fillip to global employment, and provide enough "savings" on subsidies and consumer prices to make compensation payments to smaller producers.

These are interim findings of an independent report commissioned by a group of MEPs and being carried out by six leading European academics, including Mr John Marsh of Reading University in the UK and Mr Stefan Tangermann of Groningen University, Germany.

The provisional results - conveyed to Chancellor Helmut Kohl of Germany among others - seem certain to add fuel to the increasingly emotional debate about international farm reform.

Debate continued last night in Luxembourg where EC agriculture and trade ministers held their sixth EC Council meeting on the issue in two weeks in another desperate effort to reach a negotiating position for the final stages of the Uruguay Round of international trade talks.

Discussion revolved round a new compromise drafted by Mr Vito Saccomandi, Italy's farm minister and current president of the EC farm council, and designed mainly to assuage German and French concern that the European Commission's offer to cut farm subsidies by 30 per cent over the period 1986-96 was too harsh.

Details of the text were still under wraps last night but key elements evidently included a clearer commitment that the EC will not single out so-called export refunds for special treatment, that proposed protection against imported oilseeds and cereal substitutes should be toughened, and that money saved through price cuts would be channelled into direct income support.

It was far from clear early last night whether these elements would be enough to break the deadlock, while fears were being expressed in some quarters that too many concessions to the farm lobbies would be equally counterproductive.

The delicacy and complexity of the negotiations were illustrated by continued differences between Mr Frans Andriessen, the external relations commissioner, and Mr Ray MacSharry, who holds the farming portfolio.

Mr Andriessen reminded member states yesterday that other participants in the Uruguay Round - notably the US and the Cairns Group of countries led by Australia - were seeking far larger cuts in farm support and would therefore find the EC offer even in its original form unacceptable.

# Rome stage is set for a clash over monetary union

## Andreotti's need to justify another special summit may bring explosive results, writes David Buchan

POLITICIANS do not like being summoned to unnecessary meetings, even in Rome. So the onus will be on Mr Guilio Andreotti, the prime minister, to show that this weekend's special European Community summit in the Italian capital – the third "extraordinary" session of EC leaders in the past year – has purpose.

Italy decided almost the minute it took over the EC presidency on July 1 that it, like Ireland and France before it, wanted to host a special summit this weekend in addition to the set six-monthly summit which will also take place in Rome in mid-December.

However, the main reasons it gave earlier for this weekend's gathering have either been overtaken (EC aid to the Gulf states bordering Iraq has already been settled), or failed to mature (the European Commission is still biding its time on large scale aid plans to the Soviet Union). By contrast, the special summits on eastern Europe and German unification that Ireland and France hastily convened took place quickly enough to hold their rationale.

But Italy's sensitivity to criticism that it has got over-excited in scheduling unnecessary EC meetings for both ordinary as well as prime ministers may perversely make it push to a head this weekend certain matters such as the timing of moves towards economic and monetary union (Emu).

Though normally far from hasty, Mr Andreotti will, according to his spokesman, try to get the summit to "fix explicitly" dates for Emu Stage Two (setting up of the EuroFed central bank) and Three (creating a single currency). Such an attempt would, of course, set the stage for a clash with Mrs Margaret Thatcher, who has been the least guarded in questioning the need for this weekend's meeting.

So, unless the wild card of the Gatt negotiations is flung on the table, top of the summit menu still looks like being:

● Emu. The thrust of a report by Mr Guido Carli, the Italian finance minister, to the summit is that virtually all countries, bar Britain, are happy with a transition to a second phase of Emu in 1993 or 1994; that the one-year difference here is marginal; and that EC finance ministers should be able to reach consensus by mid-December on several suggested conditions to attach to the Stage Two starting date. These are the presence of all currencies within the exchange rate mechanism's narrow band, curbs on how governments fund their deficits, and guaranteed political independence to national central bank governors, at least in their EuroFed roles.

The Carli report says "the search for a compromise cannot exclude the UK proposal" for a hard Ecu. Keeping alive the UK government's hopes on the hard Ecu is a way of keeping open the possibility, however remote, that there might be a second Emu phase acceptable to London.

This fiction is convenient to all those playing to give Britain more time to evolve its position – Mr Carli, Mr Jacques Delors, the Brussels Commission president, maybe even Mr John Major, the UK chancellor of the exchequer, but not his leader. A clash now on the date of Stage Two puts at risk later compromise on its substance.

● Political Union. This EC debate is more messy, although less tense. There has been no Delors committee report, as on Emu, to define the sprawling topic of EC political reforms. Precisely because of this, Mr Andreotti may take a report from Mr Gianni De Michelis, his activist foreign minister, to get from the summit a "mandate" to start work on a draft political union treaty.

Such a mandate would build on those areas of agreement identified in the De Michelis report as the need for more coherence in EC foreign/security policies, more appointment and control powers for the European Parliament, and more majority voting in the Council of Ministers.

● The Soviet Union and Eastern Europe. The focus here has been shifted by the oil price, so that earlier talk of a mega-aid package for the oil-producing Soviet Union has waned while support has waxed for a financial safety net to put under oil-importing Eastern Europe.

At a time when the internal Soviet situation is still uncertain, when Moscow is getting large export credits from individual EC states and when the International Monetary Fund is conducting its own Soviet rescue study, the Commission has decided not to commit itself to anything except some possible food aid and further talks aimed at a convention on energy co-operation with the Soviet Union. The Commission may use the summit to test out EC leaders on the idea of an EC reinsurance pool to expand export credit cover for Eastern Europe and the Soviet Union.

● The Gulf will undoubtedly dominate general discussion at tonight's dinner, with EC leaders addressing the short and long-term issues raised by Iraq's invasion of Kuwait. Following the release of French and some British hostages, Chancellor Helmut Kohl said yesterday, after seeing Mr Douglas Hurd, the UK foreign secretary, that co-ordination was needed. Earlier in the week, his government had effectively stopped Mr Willy Brandt from embarking on an Edward Heath-style mercy mission to get German hostages out of Iraq/Kuwait.

In terms of summit declarations, the sensitive issue for EC leaders is whether and how they care to link the issues of Palestinian rights in Israeli-occupied territories and Lebanon with their condemnation of the Iraqi invasion.

# Separatist Moldovans clamp down on minority

By Leyla Boulton in Moscow

THE parliament in the Soviet republic of Moldova yesterday declared a state of emergency aimed at preventing a small Turkic minority from creating their own state within this southern republic.

Deputies of Moldova, which is inhabited mainly by ethnic Romanians, voted by an overwhelming majority to impose martial law on southern areas inhabited by 150,000 Christian Turks known as Gagauz.

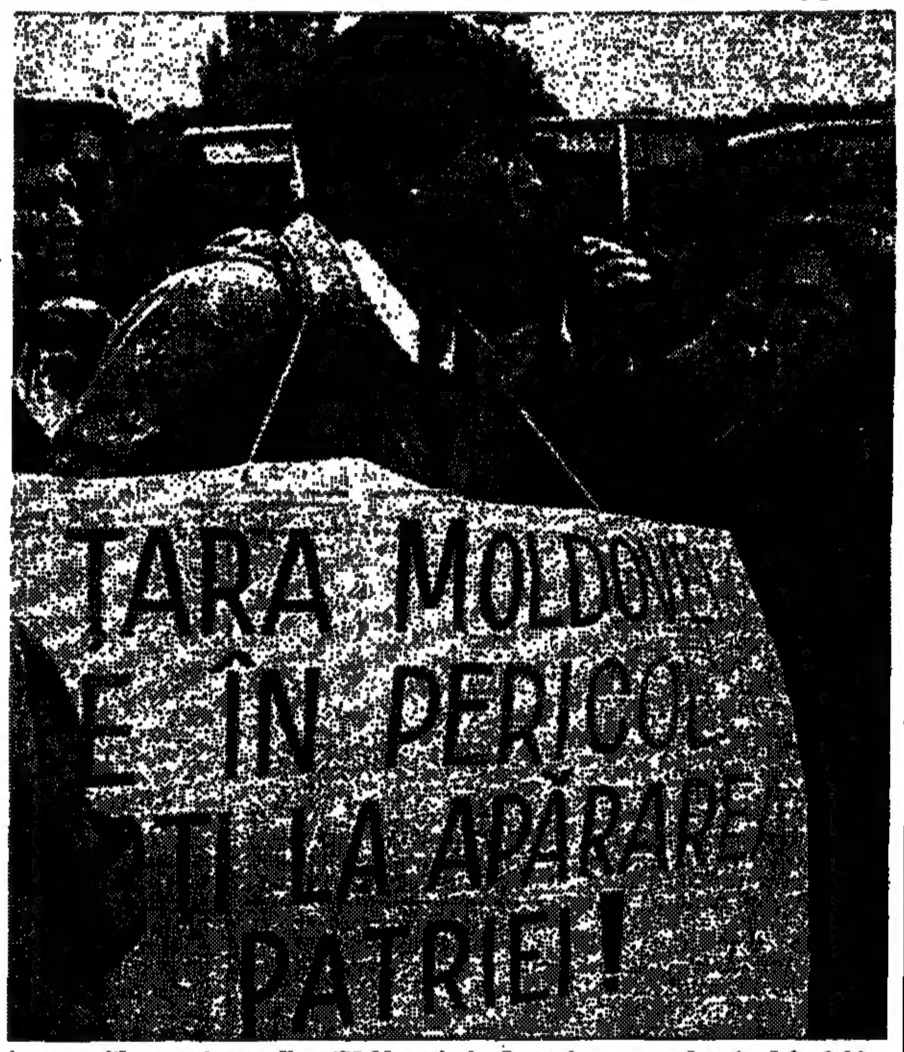
The state of emergency has imposed after Soviet troops had appeared overnight in Komrat, the capital of the self-proclaimed Gagauz republic.

Mr Mircha Snegur, the president of Moldova, imposed martial law in order to preempt direct interference by the central authorities.

The state of emergency means local governing councils, including those set up by Gagauz, will be closed down, public meetings will be banned and movement in and out of the republic will be restricted.

Relations between the ethnic Romanians and the Gagauz have deteriorated over the past few week. Last week, the Gagauz called elections to formally declare

Meanwhile, Moldova's 4.3m ethnic Romanians continue to demand outright independence rather than reunification with Romania, which lost the territory to the Soviet Union in 1940.




A man with a poster reading "Moldova is in danger! everyone has to defend his mothercountry!" yesterday in protest against Turkic minority separatist plans

# Stalin's admirers struggle to be heard

By Leyla Boulton, recently in Tbilisi, Georgia

MR Carlo Gardabkhadze, a pipe-smoking 73-year-old who admires Mrs Margaret Thatcher, reminds one more of an English pensioner than a Soviet crusader for the good name of Josef Stalin.

But since retiring as Georgia's minister for social welfare, Mr Gardabkhadze has set up a political party devoted to the southern republic's most notorious son.

The Stalin Society was founded in December to coincide with the 110th anniversary of the dictator's birth in Gori near Georgia's capital of Tbilisi.

"For a long time, Communists like us thought time would pass and the truth would be restored," Mr Gardabkhadze said in an interview in his study, a large photograph of Josef Stalin in the bookcase behind him. It's been a long and fruitless wait – ever since 1956, when the then Soviet leader Nikita Khrushchev denounced Stalin's purges.

"We admit there were mistakes, distortions in years of Soviet power, unfair repressions, but to attribute all this to Stalin is unfair, unscientific and in no way justifiable," Mr Gardabkhaze said. Millions were killed, mainly because Stalin had to get rid of a large "fifth column" of traitors to prepare the country for the second world war.

The new party created such a storm it was banned from tomorrow's multi-party elections, the first since Georgia was invaded by the Red Army in 1921 (Stalin himself played a role in snuffing out Georgian independence).

Mr Gardabkhadze, the Stalin Society's vice-president, fears perestroika is heading the country for capitalism. Before its banning for "electoral irregularities", the party had focused its campaign on the need to fight corruption and restoration of man's exploitation by man. A local opinion poll reckoned the party would pick up 4 per cent of the vote.

While many in the Soviet Union still admire Stalin, he looms particularly large over his native Georgia. It is virtually the only republic to retain statues of Stalin and name streets after him, though many Georgians clearly have mixed feelings about him.

"He was a genius, but an evil genius," said a young engineer who campaigned for the Stalin Society to be banned from the elections, which could result in a vote for independence. "Only base, dark-minded people support the Stalin Society. Stalin is the hero of drivers, barbers, and shoe-cleaners," snarled Mr Zviad Gamsakhurdia, Georgia's most popular independence leader.

## NEWS IN BRIEF

### Portugal faces queries on bank restrictions

PORTUGAL has been asked by the European Commission to explain its recent decision to impose tough new conditions for setting up or expanding private banks, Sir Leon Brittan, EC commissioner for competition, said in Lisbon yesterday, Patrick Blum reports from Lisbon.

The new regulations announced in September require private banks to take on or pay for part of the bad debts of the troubled state-owned banks as a precondition for being allowed to expand their branch networks. The announcement caused anger among private bankers who argued they were being unjustly penalised for the public banks' past mistakes and mismanagement.

"We were surprised and concerned by this sudden measure which seems to run completely counter to the spirit of the internal market for banking in which access for newcomers whould be made easier rather than more onerous," Sir Leon said.

### Merger of fighter makers urged

PAN-AVIA, the company which produces the Tornado fighter aircraft, and Eurofighter, the company developing the EFA aircraft, should be merged as the first step towards speeding up the integration of Europe's military aircraft companies, according to Mr Johann Schäffler, head of the aircraft division of the Daimler-Benz subsidiary Deutsche Aerospace, David Goodhart reports from Bonn.

### Ex-officials face Athens trial

The Athens appeal court has ordered 11 former Greek socialist officials to stand trial on charges of breach of faith and accepting bribes in the $200m Bank of Crete embezzlement scandal, Kerin Hope reports from Athens.

The 11 headed public sector corporations, including the Greek post office, the telecommunications authority and the state carrier Olympic Airways, which transferred deposits totalling Dr15bn ($100m) to the Bank of Crete.

### Strike hits New York newspaper

Unions went on strike at the New York Daily News, the second largest US metropolitan daily newspaper, reports Barbara Durr in New York. An incident between a foreman and a drivers' union member at a Brooklyn printing plant set off the showdown following 10 months of inconclusive and hostile contract negotiations.

a Buses carrying substitute drivers, arriving less than an hour after the Brooklyn confrontation, were stoned by striking workers. Two delivery trucks were destroyed by firebombs and scuffles broke out with police on picket lines.

### Soviet miners back new union

A congress of coal miners, the country's most unified and effective labour group, yesterday voted to form the Soviet Union's first independent trade union, AP reports from Donestsk.

The new Independent Trade Union of Miners has a potential membership of 2m miners and could evolve into a powerful new political and economic force.

### Gorbachev arrives in Spain

SOVIET President Mikhail Gorbachev arrived yesterday for a three-day trip to Spain intended to drum up support for his country's troubled economy, AP reports from Madrid.

President Gorbachev and Mr Felipe Gonzalez, the Spanish Prime Minister, were expected to sign up to a dozen accords aimed at boosting trade, investment and bilateral relations.

Swedish austerity package

# Social Democrats aim to cut public sector

By Robert Taylor in Stockholm

YESTERDAY'S austerity package from Sweden's ruling Social Democrats, designed to restore overseas confidence in the country's economy, is aimed primarily at reducing the size of the huge public sector with a SKr15bn (£1.37bn) cut in government spending.

Many observers said last night that the proposed cuts – at less than 2 per cent of the total public expenditure of SKr893bn in the current financial year – would not be enough to convince the markets that the government is serious in restraining Sweden's public sector, the largest in the world.

Earlier reports suggested that the public sector savings being sought were SKr25bn.

The measures involve:

● A 10 per cent in the size of the state bureaucracy over the next three years with an expected saving of Skr1bn.

● A cut in the level of sickness benefits for the first three days of illness to 75 per cent of earnings and 90 per cent thereafter.

● A reduction to 75 per cent of earnings from the existing 90 per cent on sickness benefit for children. The reduction in planned expansion of benefits in the sickness insurance system is expected to save Skr6bn. The government intends to encourage more cost savings in the decentralised health care system.

● A reduction in the school starting age from 7 to 6 years. This is expected to save about SKr3bn by reducing demand on the expensive public pre-school child care system.

● A programme of partial privatisation of the Swedish state sector, including the flotation the country's publicly owned telecommunications system and the state-run electricity network.

● Efficiency savings of an estimated SKr1.5bn in the industry, agricultural, defence and foreign ministries.

● A new energy policy that will win bipartisan acceptance in parliament and is expected to involve postponing the start of the planned phase-out of nuclear power by 2010.

● An extra 1 per centage point on a 2.5 per cent property tax on shops, offices and commercial properties next year and in 1992.

● A commitment to cut food prices by a further deregulation of agriculture in line with the GATT round and a reform of the transport and retail distribution system.

The government also wants to see a more stable political system in Sweden by extending the existing life of an elected parliament from three to four years.

# Hungary hit by petrol protests

By Nicholas Denton in Budapest

HUNGARY was yesterday brought to a standstill after lorry and taxi drivers blocked traffic across the country in protest against a huge petrol price increase which has sparked an explosion of discontent with falling living standards.

The disruption presented the Hungarian government with its most serious crisis since coming to power last May. The way in which resolves the crisis will reveal its ability to respond to such an unusual outburst of disillusionment with price rises.

By yesterday afternoon, strikes had spread to the large loss-making mines outside Pecs. Bread and milk had run out in Budapest shops, after panic buying exhausted the few supplies which had got through the blockade.

A more revolutionary atmosphere prevailed than at any time during the dying days of the communist regime as crowds gathered at road blocks and queues formed at every food shop.

The protests began late on Wednesday after the government announced that petrol prices would rise by an average of 65 per cent from midnight.

The move to increase prices at the pump to West European levels comes after a 30 per cent cutback of supplies of oil from the Soviet Union. That has eroded petrol reserves to only four days' supply and forced the government to turn to world markets just as the price of oil has nearly doubled.

The government's action is also meant to cushion the blow of changeover to world market prices in trade with the Soviet Union from the new year.

Mr Laszlo Balazs, the government spokesman, said that 50,000 taxi drivers could not be allowed to take 10m Hungarians for ransom. "No retreat is foreseen," he said. But the government appeared to leave its exit open by promising to refer the matter to parliament next week.

Mr Balazs Horvath, the Interior Minister, said that a retraction of the price increase would lead to catastrophe. Hungary faces financial crisis next year with the collapse of the old East European trade system.

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INTERNATIONAL NEWS

# Report criticises police for Jerusalem killings

By Hugh Carnegy in Jerusalem

AN OFFICIAL Israeli inquiry into the shooting dead of nearly 20 Palestinians in Jerusalem early this month yesterday strongly criticised police for not preventing the incident, but blamed Palestinians for the violence and largely defended police use of live ammunition.

Mr Yitzhak Shamir, the prime minister, declined substantive comment until he had studied the 60-page report, which may trigger the removal of senior police commanders. But he indicated that it should end international criticism of the killings and would stand in place of Israel's rejection of a United Nations investigation twice unanimously mandated by the UN Security Council.

However, the report was quickly derided as one-sided by Palestinian leaders who continued to demand UN action. Israeli civil rights activists also said it was inadequate. "This report will be received with very little credibility," said Mr Tzali Reshev, a leader of the Peace Now movement.

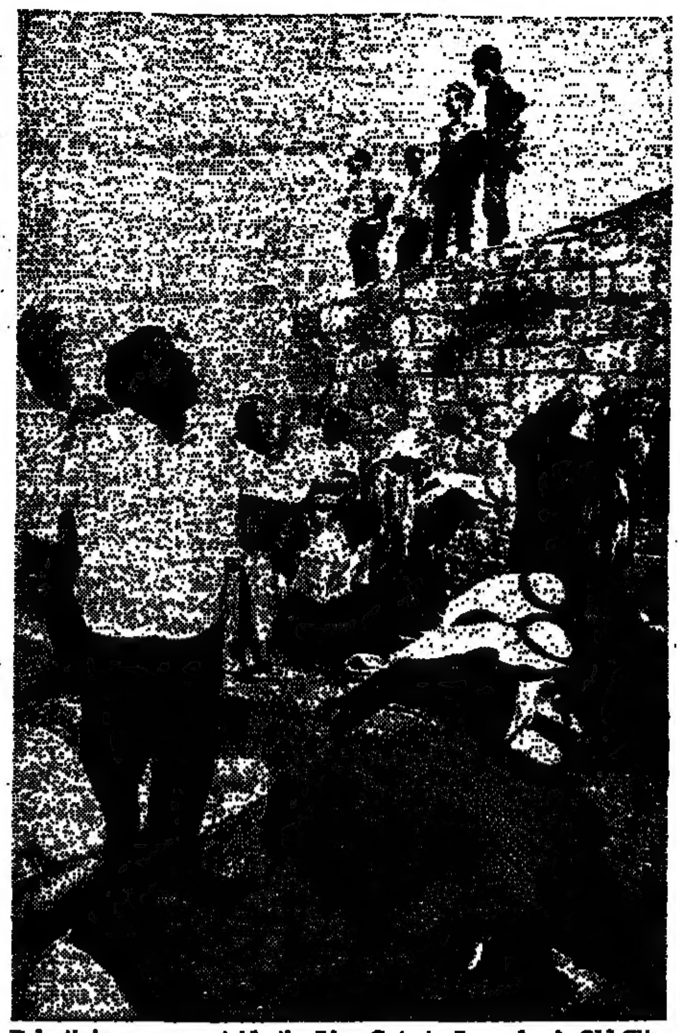
The three-man inquiry, headed by Mr Zvi Zamir, a former Mossad secret service chief, said police ignored intelligence warnings about "a very difficult and explosive" situation on October 8 at the holy sites in Jerusalem's Old City. Police chiefs had taken only routine security measures after an extremist Jewish group, the Temple Mount Faithful, had been refused permission to enter the area of the Moslem sites of the Dome of the Rock and Al Aqsa Mosque.

Police judged the main threat had been removed, but the danger of violence that could have been prevented persisted, the report said. It singled out the Jerusalem city and local district commanders for its toughest criticism, but also chided Mr Ya'acov Terner, the police chief, and Mr Ronni Milo, the police minister.

The most controversial passages of the report concern its judgment of the violence itself. It blamed Moslem crowds "incited by preachers" who it said attacked police, drove them from the Mount, and rained stones down on the neighbouring Western, or Wailing, Wall, where thousands of Jewish worshippers were celebrating a holiday.

The report said the casualties occured when police stormed back on to the Mount to disperse rioters and rescue two policemen they mistakenly thought were trapped. There had been some indiscriminate use of live ammunition, but live fire was justified because police lives were in danger.

Palestinians and Israeli human rights groups strongly dispute this version of events, accusing the police of provoking the riots and firing indiscriminately, sometimes from the hip, with automatic weapons.



Palestinians pray outside the Lion Gate to Jerusalem's Old City after being denied access to Al Aqsa mosque for Friday prayers

# Moscow steps up Gulf peace drive

By Robert Graham

MR Yevgeny Primakov, the Soviet special envoy in the Gulf crisis, yesterday returned to Cairo to hold talks with Egyptian officials for the second time in 48 hours.

His return to Cairo after a day of discussions in Damascus raised expectations that the Soviet Union was determined to use its good offices to force an Iraqi withdrawal from Kuwait by peaceful means.

Mr Esmat Abdel-Maguid, the Egyptian foreign minister, said after meeting Mr Primakov that the Soviet Union was "trying to find a peaceful solution to avoid war".

He added: "We are all trying to achieve this and if we want to avoid war, let us try to explore all avenues."

The Soviet envoy late yesterday was due to meet President Hosni Mubarak, who returned from a Gulf tour on Thursday night.

This is the second visit to the Middle East this month by Mr Primakov, an Arab specialist and a member of President Mikhail Gorbachev's presidential council.

It comes as Washington is pressing to bolster its 220,000 contingent in the Gulf and is talking of sending Mr James Baker, the US secretary of state, on a diplomatic mission to shore up the resolve of the anti-Saddam alliance.

On Sunday the Gulf crisis is expected to be a principal theme at the meeting in Paris between Mr Gorbachev and French President François Mitterrand.

Mr Primakov arrived in Cairo on Wednesday with little hint from Moscow as to what he intended to achieve. He refused to comment on suggestions that Iraq had offered a partial or complete withdrawal from Kuwait, but said he would return to Iraq for more talks. He also told journalists: "We have to seek a peaceful settlement. A military solution would be a disaster."

His original itinerary was said to include Cairo, Damascus, Riyadh and Baghdad. During a 24-hour stopover in Damascus he met President Hafez al-Assad. Syria, like Egypt, has despatched troops to Saudi Arabia to form part of the multinational force ranged against the Iraqi army in Kuwait.

# Lebanon central bank seizes Aoun's funds

By Lara Marlowe in West Beirut

LEBANON'S central bank has seized $25m and 4bn Lebanese pounds (£2.6m) in bank accounts held by General Michel Aoun, the defeated Christian leader, and his aides.

Central bank officials said they believed Lebanese banks were still holding deposits of $25m and L£11bn for Gen Aoun and members of his former government.

Although some Lebanese and foreign banks are resisting attempts by Dr Edmond Naim, the bank governor, to seize the funds on the grounds of banking secrecy, officials are confident that all monies accumulated by Gen Aoun in Lebanon will eventually be returned to the government of President Elias Hrawi.

Dr Naim has threatened to bring reluctant banks before the banking commission, which he chairs, or name provisional administrators to carry out his wishes.

However, another $30m transferred by Gen Aoun to accounts in Paris, London, New York and Luxembourg will be nearly impossible to seize, the officials said.

Dr Naim issued a circular on October 15 requiring all banks to turn over to the central bank funds deposited in the names of Gen Aoun, Gen Issam Abou Jamra and Gen Edgard Maalouf.

All of the accounts seized so far in Lebanon were marked for the use of Gen Aoun's "government". "In a sense, Gen Aoun was honest," said Dr Elias Saba, an economist and former minister of defence and finance. "This money was not intended for personal use."

The task of retrieving the funds has been complicated by Lebanon's strict banking secrecy law. The central bank has relied on information from disillusioned Aoun employees and companies which did business with his government to identify the accounts.

Privately, some Beirut bankers are criticising the government's seizure of Gen Aoun's bank accounts.

"Strictly speaking, it was an abuse of the secrecy law for bank directors to come forward," said a Beirut banker. "It was unethical and illegal, at a time when Egypt is introducing banking secrecy and we hope to get Gulf money."

# End close for Singh government

By David Housego in New Delhi

THE FATE of the administration of Mr V.P.Singh, India's prime minister, appeared sealed last night with both the Congress and the Hindu radical Bharatiya Janata Party saying they would table motions of no confidence in his government when parliament meets on November 7.

The two parties – though on different sides of the ideological fence – between them account for more than half the MPs. This leaves the increasingly slim possibility of the Janata Dal warding off defeat either by winning over defectors or changing leader.

In continuing moves to dislodge Mr Singh, four more Janata Dal MPs demanded his resignation last night. The dissidents claim that they have the support of over half the party – though this seems unlikely. But they clearly intend to embarrass the prime minister at the parliamentary party meeting that will precede the recall of parliament for a one-day session.

An atmosphere of a lame-duck administration was heightened yesterday with the announcement that BJP-Janata Dal coalitions governing the states of Rajasthan and Gujerat were ending.

# Tokyo warned by EC over trade curbs

By Ian Rodger in Tokyo

A SENIOR European Commission official warned the Japanese government that its delays in removing obstacles to imports of shoes, processed foods and fish could harm bilateral relations.

Mr Horst Gunter Krenzler, the EC's director general of external relations, said that he could not detect any concrete result from the efforts of a working party set up last May to deal with these issues.

"Such an unsatisfactory result may easily have an unfortunate spillover in other areas of our bilateral relationship," Mr Krenzler said after two days of bilateral talks.

He said the EC trade deficit with Japan was too large, at roughly $25bn and it was important to make progress in opening sectors in which European industry was competitive. For example, quantitative restrictions on shoe imports meant that European shoe exports to Japan were much lower than to other industrialised countries. Similarly, cheese exports were hindered by Japan's 35 per cent tariff.

"This is, in our view, an intolerable situation," Mr Krenzler said.

Another area of concern was aircraft sales. The EC had 30 per cent of the world market in aircraft, but only 10 per cent of the Japanese market, he said.

# Japan fears resurgence of inflation

By Stefan Wagstyl in Tokyo

CONSUMER prices in Tokyo rose this month by 3.1 per cent year-on-year, reinforcing concern about a resurgence in inflation in Japan.

It is the biggest increase since January 1985, excluding the 1989 financial year, when figures were distorted by introduction of a consumption tax. Tokyo's figures are seen as an indicator of trends in the economy as a whole.

Prices were boosted by sharp increases in the cost of fresh food as a result of an unusually hot summer and in the cost of petroleum products because of the Gulf crisis.

Officials of the government's Management and Co-ordination Agency said the October increase was unusually high and the rate could fall in future months, especially as the recent rise of the yen would offset the increase in petroleum product prices. But the underlying trend in consumer prices remained firm.

The agency said consumer prices in Japan as a whole rose 3.0 per cent in September, exceeding the increase in Tokyo, which was 2.8 per cent.

● Industrial production fell 0.9 per cent in September from August. But government officials said this did not mean the economy was slowing as the August figure was unusually high.

# Former Sumitomo Bank executives indicted

By Stefan Wagstyl

TWO FORMER executives of Sumitomo Bank of Japan were indicted yesterday on charges of arranging Y43.8bn (£176m) in illegal loans for stock market speculators.

Mr Akinori Yamashita, former manager of a branch in Yokohama, and Mr Fumio Nishimaru, his successor, allegedly arranged loans illegally by soliciting the funds directly from other customers. Some Y12.3bn was lent in this way to Mr Mitsuhiro Kotani, head of an investment syndicate called Koshin, and about Y31.5bn to Seibi, another investment group.

The loans were made in 1988-89 as the authorities began to press banks to reduce lending to stock market and property investors.

The Tokyo District Prosecutor's Office, which brought the charges, also indicted Mr Kiyoshi Akiyama, a customer of the branch. The charges stem from a wide-ranging investigation of Mr Kotani's affairs which started over a year ago and led to his indictment earlier this year on charges of stock manipulation. Two officials of Mitsui Trust and Banking, a trust bank, were arrested earlier this week on tax evasion charges, stemming from involvement with Mr Kotani.

Sumitomo Bank said it had been impossible to detect the illegal loans because they were well camouflaged. It recognised the seriousness of the incident and was taking steps to improve loan screening.

Meanwhile, Sumitomo yesterday pledged full support for Itoman, the troubled trading company trying to reduce debts run up on property investments. The promise was made at a meeting of Mr Sotoo Tatsumi, Sumitomo president, and Mr Yoshihiko Kawamura, his counterpart at Itoman.

Itoman plans to reduce its property related debts of Y700bn by Y350bn by March. It is difficult to see how it will do this given the current weak state of the property market.

# Zeebrugge case ruling in prospect

By Raymond Hughes, Law Courts Correspondent

THE COURT of Appeal may be asked to rule on the recent decision by an Old Bailey judge to direct the jury to acquit in the Zeebrugge disaster prosecution.

Sir Patrick Mayhew, QC, the attorney-general, is considering referring the case under a procedure by which the appeal court gives guidance for future cases but does not interfere with the original decision – in this instance the acquittal of P&O European Ferries (Dover) on corporate manslaughter charges.

At the end of the prosecution case earlier this month, Mr Justice Turner held that the prosecution had failed to prove its allegations against P&O European Ferries (Dover) and a number of its employees charged with unlawful killing, arising out of the capsize of the Herald of Free Enterprise outside Zeebrugge harbour on March 6 1987, when 192 people died.

A spokesman for the attorney-general said yesterday Sir Patrick was considering a reference "on a point of law resulting from the judge's ruling".

The case had been seen as a test of whether a company could be prosecuted for corporate manslaughter.

The judge's direction to the jury to return formal verdicts of not guilty provoked calls for a change in the law.

Corporate manslaughter will also be an issue in a High Court application on Monday by a survivor of the Marchioness disaster a year ago.

Mr Dominic Langlands-Pearse's wife and 50 other people died when the Thames pleasure-boat Marchioness, owned by Tidal Cruises, sank after colliding with the dredger Bowbelle, owned by the Ready Mixed Concrete group.

Mr Langlands-Pearse wants to challenge the decision of Mr Allen Green, QC, the director of public prosecutions, not to charge the owners of the two vessels and the Bowbelle's master, Captain Douglas Henderson, with manslaughter.

Captain Henderson has been sent for trial charged with failing to keep a proper lookout.

Lawyers for Mr Langlands-Pearse will ask for leave to apply for judicial review, in an attempt to have the director of public prosecutions ordered to bring manslaughter and other charges.

Mr David McIntosh, senior partner of City solicitors Davis Arnold Cooper, has written to the Prime Minister calling for a Royal Commission to look into disaster litigation.

Mr McIntosh, whose firm has represented defendants and their insurers in a number of disaster cases, has told Mrs Thatcher that inconsistencies in procedure and approach in mass disasters are undermining public confidence in the adequacy of English personal injury law.

Mr McIntosh suggested in his letter that a Royal Commission, headed by a High Court judge who has presided over one of the recent disaster cases, should consider: the law on corporate criminal responsibility for safety; the way in which police investigations, inquests and public inquiries should proceed; and their impact on civil compensation claims.

# Exxon and Davy Corp seek solution to refinery dispute

By Charles Leadbeater, Industrial Editor

SENIOR executives from Exxon, the US oil company, and the Davy Corporation, the British engineering contractor, were last night holding a crisis meeting in an attempt to resolve a damaging dispute over a £100m contract.

The scale of the dispute, over work at Britain's largest oil refinery at Fawley near Southampton, has forced Mr Lee Raymond, Exxon's president, and Lord Jellicoe, Davy's chairman, to call the emergency New York meeting in an effort to avoid an expensive and embarrassing legal row.

The dispute centres on work Davy has been carrying out at Fawley refinery, which accounts for 20 per cent of crude oil refined in the UK.

Esso, which is Exxon's British subsidiary, yesterday confirmed that on Monday it had terminated Davy's contract to construct a residfiner – a device which turns by-products of the refining process into gasoline and feedstock for the chemicals industry – at Fawley. It is believed to be unprecedented for Esso to break off a contract of this size.

The contract has been bedevilled by conflict between the two companies. The implication of Esso's action is that the work on the £100m residfiner contract, signed in December 1987, was not complete. It is thought that the work was running about nine months behind schedule and the plant is still not ready.

Both companies are believed to have been preparing legal claims worth tens of millions of pounds over the delay.

Davy denies that is responsible for the delay. Its argument is that Esso's agreements with its trade unions at Fawley have denied it the flexibility and ease of access it needs to complete the work on time.

In the 1960s, the Fawley site was widely regarded as a model for innovative industrial relations. However, in recent years industrial relations changes have failed to keep pace with developments elsewhere in industry, giving considerable freedom to sub-contractors and eroding demarcation lines between staff grades.

NEWS IN BRIEF

## BT orders 3m Ericsson switch lines

BRITISH TELECOM has placed an order worth up to several hundred million pounds with Ericsson, the Swedish telecommunications group, for switching lines on its new generation of digital telephone exchanges, writes Andrew Taylor.

Ericsson will supply BT with up to 3m of its digital AXE 10 switching lines by the end of March 1992. The eventual size of the order will depend upon customer demand, says BT.

This is the first long-term contract from BT won by Ericsson, which has traditionally supplied between a quarter and a third of BT's digital exchange requirements.

## Home loans plan

BUILDING societies, banks and other organisations providing finance for house purchases face new restrictions on home loan packages.

The House of Commons yesterday approved the inclusion in the Courts and Legal Services Bill of a provision designed to protect home buyers from being coerced into deals for insurance policies and other services.

## Travel guarantee

TWO travel agency chains yesterday guaranteed holidaymakers their money back within 24 hours if their tour operator went out of business.

Lunn Poly, the market leader, and Thomas Cook, the second biggest chain, are offering customers either a refund or an alternative holiday.

## Aker expands

AKER GROUP, the Norwegian-owned offshore industry services group, is to pay £5m for Lasalle Petroleum Services, the Aberdeen-based subsidiary of Lasalle Construction, the British offshore construction company.

Lasalle Petroleum is a mechanical maintenance company which hires maintenance staff to oil companies and engineers in the oil and gas industry.

## Solicitor jailed

A SOLICITOR was yesterday jailed for nine months for claiming legal aid fees for work for which he had already been paid.

Mr David Acton, who practised in Birmingham, was convicted at Warwick Crown Court on 13 charges of obtaining money by deception from the Law Society, the solicitors' governing body.

## Cabinet re-make

CHANNEL 4 plans to re-make a controversial programme on the Cabinet originally made for the BBC but never transmitted.

The programme was one of a series called Secret Society made by investigative journalist Duncan Campbell.

# Brooke in final move to save Ulster plan

By Ralph Atkins, Jimmy Burns and Our Belfast Correspondent

MR PETER BROOKE, the Northern Ireland secretary, will next week make what is likely to be a last attempt to resuscitate his plans for starting talks on the province's political future.

Following a five-hour meeting late on Thursday with Mr Gerry Collins, the Irish foreign minister, Mr Brooke said "certain exploratory steps" would be taken to see if his initiative could be revived.

He is likely to seek meetings with leaders of the Unionist parties and the mainly Roman Catholic Social Democratic and Labour Party to test support for a re-jigged version of proposals he had hoped originally to unveil in July in the House of Commons.

If no way forward is found, Mr Brooke could decide to abandon – at least for a few months – the initiative he started in January. Officials at the Northern Ireland Office said the possibility of talks succeeding was "on the slide".

The gloom surrounding Mr Brooke's talks initiative, juxtaposed with one of the worst weeks of terrorist violence for some years in Northern Ireland, helped create what was described by both governments as a "sombre" atmosphere at Thursday's meeting.

Eleven people have died as a result of terrorist acts in the past week, including nine murdered by the IRA. Six soldiers and a civilian were killed on Wednesday in border post attacks.

The funeral today of Mr Patsy Gillespie, used as a "human bomb" in one of those attacks, could test local reaction to the latest IRA tactics.

Mr Brooke believes it may be better to suspend his initiative, which has floundered on the question of when Dublin should be brought into talks, while much of the good will he has won on all sides remains.

Irish officials, however, made clear their determination to continue with discussions as long as possible. Mr James Molyneaux, leader of the Official Unionists, is expected today to tell his party's conference at Newcastle, County Down, that talks should continue to see if a way forward can be found.

However, there are already signs of a potentially damaging squabble over who should be to blamed if the initiative fails.

President Francesco Cossiga of the Italian Republic, pictured right, with Lord Blakenham, chairman of the Financial Times, who hosted a luncheon at the FT in Mr Cossiga's honour.

In a speech at the luncheon, the Italian president, who concluded a three-day state visit to Britain yesterday, analysed frankly the present problems of the Italian economy, implicitly suggesting that they contained some important lessons for British economic policymakers.

Before the advantages of a unified European market could be exploited, the central government budget and public finances must be put on a healthy footing, Mr Cossiga said.

This required Italian households "to make a once-off sacrifice of a little of their family income". Every delay would increase the corrective action needed and make it necessary to impose more severe sacrifices in the future.

Italy had taken on board the philosophy underlying the European Community and had accepted the principle of open economies and societies. "In so doing, she has accepted severe economic discipline," Mr Cossiga said.

The fact that the restoration of public finances must, of necessity, affect a large number of citizens, should not deter governments from putting their policies into effect rapidly and thoroughly, when that was in the country's long-term interests, he added.

# Asthma drug boosts Glaxo's prospects

By Charles Leadbeater, Industrial Editor

GLAXO, Britain's largest pharmaceutical company, yesterday received a significant boost to its medium-term prospects when the Medicines Control Agency granted a full licence to Serivent, the company's new asthma treatment.

The UK launch of Serivent, considered to be the second most important drug to emerge from Glaxo's research and development pipeline in recent years, will be highly significant for the company's future.

It will be a test of whether the company can build on the success of its main drug, Zantac, the ulcer treatment which last year earned Glaxo £1.4bn, by launching drugs with a popular appeal.

Analysts believe Serivent could earn revenues of between £300m and £400m a year in the next five years from the worldwide asthma drug market, estimated to be worth £2.3bn a year. The UK market is worth about £200m.

Serivent's main innovation is that it is a long acting asthma treatment. A single dose can last up to 12 hours.

Mr Paul Kirkler, pharmaceuticals analyst at Goldmann Sachs, the finance house, said the speed with which Serivent had won regulatory approval was a good omen for its future. The drug was only registered for approval in March.

Glaxo hopes to file for approval in the US in the first three months of next year and within 12 months expects to have licences in 16 countries.

The company's most promising drug Imigran, a treatment for migraine, which could have sales of more than £550m by the mid 1990s, was presented to pharmaceutical regulators for approval earlier this year.

# Electricity companies to increase dividends

By Clare Pearson

EIGHT of the 12 regional electricity companies are to commit themselves at flotation next month to making real increases in dividends.

The companies are to say they expect to make payments at or above the rate of inflation as long as no unforeseen circumstances occur.

The promise is contained in the pathfinder prospectus for the flotation, which went to the printers yesterday.

The dividend statements are underpinned by a target, which formed the basis of earlier negotiations between the government and the companies, that each of the companies should be able to achieve real dividend growth of at least 4 per cent for the first five years after flotation.

However, South Wales, Manweb, Northern and Yorkshire will confine themselves to saying they expect to make "progressive" payments, or payments "in line with earnings".

The more circumspect wording reflects the greater proportion of large industrial customers in these companies' areas, making their core distribution businesses more vulnerable to loss of business.

The 800-page pathfinder prospectus is to be published next Friday. It contains all important financial information on the flotation except the final pricing of the shares, which will take place next month.



# Teachers vote to strike

By Norma Cohen, Education Correspondent

TEACHERS at polytechnics and colleges voted overwhelmingly for industrial action and rejected a proposed pay contract tied to changes in conditions, their trade union said.

The National Association of Teachers in Further and Higher Education said that a half-day strike will be held on November 6 and will be followed by lightening strikes at institutions around the country.

Of the 41 per cent of members voting, 90 per cent rejected the offer of a 9.6 per cent pay rise, while 73 per cent of those voting favoured industrial action.

The Department of Education and Science has said it will withhold £12m earmarked for next year's pay settlement at polytechnics and colleges unless "efficiencies", such as the new contracts, are achieved.

# Print unions warned over hours claim

By John Gapper

PRINTING companies may break from one of the largest remaining joint national bargaining agreements in British industry next year unless unions moderate demands for longer holidays and shorter working hours, the conference was told.

Mr Tom Machin, chairman of the industrial relations committee of the British Printing Industries Federation, said claims from the print unions Sogat and the NGA for reduced working hours were putting in doubt the future of national pay bargaining.

He said there was still considerable support among the BPIF's 3,300 members for joint pay bargaining to limit pay "leap-frogging", but warned that joint pay bargaining might not remain in its current form much longer if these claims were pressed.

Joint national pay bargaining in the engineering industry was abandoned this year by the Engineering Employers' Federation after unions launched a series of strikes in EEF member companies over their claim for a shorter working week.

The government has encouraged an end to joint pay bargaining in private industry on the grounds that it limits the scope for companies to set pay flexibly according to their own priorities and seek productivity improvements.

Over the past three years, joint bargaining has broken down in the banking industry and in retailing. However, BPIF companies voted in 1988 to retain joint bargaining on basic employment terms while allowing for local productivity improvements.

Mr Machin said the agreement could not be criticised for failing to take account of companies' local needs because earnings were well above the minimum rates set nationally.

# Stress fears rise for senior managers

By John Gapper, Labour Editor

THE number of senior managers thinking of leaving their jobs because of the levels of stress they are under has risen over the past six years as it has become increasingly hard to reconcile the pressures of work and family life, the Institute of Personnel Management conference in Harrogate was told yesterday.

The conference heard that a study of chief executives in Europe had found that 28 per cent of those in Britain are thinking of leaving senior management and finding another job because of stress, compared with 23 per cent in 1984.

Mr Cary Cooper, professor of organisational psychology at Manchester University, said an

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unpublished study found a sharp rise in the number of British chief executives complaining that the demands of work on family life were too great.

While 22 per cent had complained about these demands in 1984 and 18 per cent complained at the demands of work on private and social life, the proportions had risen to 45 and 50 per cent by the time of the second study three months ago.

Mr Cooper said companies would have to adjust working patterns to allow senior managers to work more from home and to take career breaks if they were to continue recruiting enough senior managers over the next decade.

"Even at the highest levels, people are questioning whether long working hours and the commitment that organisations are demanding of people are too much," Mr Cooper told a seminar at the institute's conference.

The proportion of chief executives reporting stress through "work overload" fell from 57 per cent in 1984 to 39 per cent this year. Those complaining of time pressures and deadlines fell from 62 per cent to 55 per cent.

However, chief executives were acutely aware of the dangers that stress in their jobs was creating. Thirty-three per cent said they believed they were at an above average or high risk of physical and emotional exhaustion from their jobs.

Thirty six per cent of British chief executives believed their current lifestyle was exposing them to the risk of heart disease.

# Call for workers' rights on company information

By John Gapper

COMPANIES should be legally obliged to give their workers information about their business plans and financial performance, the IPM said.

The IPM, representing personnel managers and directors, has switched from wanting voluntary guidelines to supporting a statutory code of practice which could be enforced at an industrial tribunal.

The move contrasts with the government's opposition to all forms of legally enforced employee information and participation. The government has been one of the strongest opponents of proposals from the European Commission.

Mr Brian Ward Lilley, the IPM's director general, said the institute had written to the government and the European Commission to inform them of the change in its stance.

He said the IPM wanted existing rights to information held by unions under acts such as the Employment Protection Act 1975 to be extended to workers in companies which did not recognise unions.

The IPM believed the current state of law discriminated unfairly against workers who did not belong to unions, Mr Lilley said. He believed the government might accept this point because of its opposition to special privileges for unions.

Several acts including the Health and Safety at Work Act and the 1972 Industrial Relations Code of Practice allow workers rights to be consulted or informed on matters including redundancy.

The Employment Protection Act also places a duty on employers to disclose for collective bargaining purposes union requests for information on a company, except for commercially confidential details.

The IPM is carrying out a review of employee participation and consultation with the Industrial Participation Association.

# Motor industry to shed further 100 jobs as sales fall

By John Griffiths

THE loss of another 100 motor industry jobs was announced yesterday, bringing the total to more than 530 in two days – with warnings of more to come.

Plaxton, the bus and coach maker, is making about 100 people redundant at its main Scarborough, North Yorkshire, manufacturing facility, in the face of one of the worst order slumps in the UK coach industry's post-war history.

On Thursday the Dutch truck maker, DAF, announced 430 redundancies at its Leyland DAF van and truck plants in the UK. Leyland DAF is also negotiating with its unions on further job cuts, while Plaxton has warned that it cannot rule out more job losses

The Plaxton job cuts, representing about 10 per cent of the Scarborough work force, follow 50 job losses at the company in the summer.

Meanwhile, at the Labanto factory in Worksop, Nottinghamshire, which makes harnesses for Peugeot-Talbot cars, 250 workers are having their hours and pay cut to a four-day week from today.

The latest job cuts come against the background of falling bus, coach and truck sales, and a less steep – but still substantial – drop in UK car sales. The industry blames high interest rates for its difficulties.

Commercial vehicle makers say high interest rates have led to operators postponing vehicle replacements and a sharp fall in tourism activity, which forms the bedrock of most coach operators' earnings.

The latest Plaxton cuts bring to nearly 1,000 the total number of jobs lost from the country's bus and coach industry so far this year.

Plaxton expects coach registrations to fall to 800 next year from 1,400 last year and 1,050 this year.

● Groupe Bull, the French computer manufacturer, is to make 350 of its UK employees redundant as a result of the slowdown in the British economy.

The redundancies, most of which will be compulsory, will affect employees in administrative and support jobs.

Bull's UK subsidiary currently employs 2,550 people. The subsidiary is also being reorganised into four business units.

# Engineering orders show sharp decline

By Charles Leadbeater, Industrial Editor

SIGNS of the recession gradually seeping into the engineering sector clearly emerged yesterday from official statistics which show a sharp decline in new orders and engineering order books.

Engineering sales figures for August, issued by the Central Statistical Office, show that during the summer the engineering industry, led by electrical and instrument engineering, was bearing up well to the pressure of high interest rates.

However, they also suggest that the industry is set for a bleak autumn with declines in the order intake from British and overseas customers.

New orders in the three months to the end of August were 6 per cent down on the previous three months and 1 per cent down on a year earlier. New orders from UK customers were five per cent down on the previous three months and new export orders 7.5 per cent lower.

The electrical and instrument engineering sector, which has been enjoying stronger growth than mechanical engineering, has been hit hardest by the decline in new orders. UK orders in the three months to the end of August were 9 per cent down on the previous three months.

Heaven sent: choirs such as this one might benefit from commercial sponsorship as cathedrals extend their search for more funds

# Cathedrals attract new guardian angels

**Alan Pike investigates the latest developments in ecumenical entrepreneurship**

BUSINESS sponsorship reached sublime heights this week with a £250,000 agreement by Nuclear Electric to help finance Bristol Cathedral choir.

It is Bristol's second sponsorship success this year. The Gateway supermarket chain is to invest £500,000 in a centre for cultural and spiritual renewal. By coincidence, the cathedral already has a building called the Gateway so the name of the new development, the Gateway Centre, will acknowledge the sponsor's contribution without appearing excessively commercial.

Rising costs are forcing cathedrals to become imaginative in their search for funds. Defenders of business sponsorship say that cathedrals have, through the ages, always relied on wealthy patrons.

"When organisations discuss sponsorship with us they know it is not the same as sponsoring a football club or a racing car," says the Dean of Bristol, the Very Rev Wesley Carr. "Their interest in maintaining quality is the same as ours, and we draw up agreements making it clear what is expected on both sides."

As events at two other cathedrals this month have shown, however, fund-raising easily becomes controversial. A report by the Bishop of Lincoln, the Rt Rev Robert Hardy, severely criticised senior cathedral clergy after an attempt to raise money by displaying the cathedral's copy of Magna Carta in Australia lost £56,000.

At St Paul's in London, Dr Malcolm Postgate, a former banker appointed to the new position of chief executive on the recommendation of management consultants, was dismissed after failing to agree with the dean and chapter on income generation plans.

The government provides aid through English Heritage to help maintain historic parish churches.

Last month's environment white paper accepted the principle of extending state aid to cathedrals – and similar buildings of other denominations. Talks involving the churches, the Department of the Environment and English Heritage will take place soon but government support will constitute only a small proportion of cathedral repair bills.

The Very Rev Raymond Furnell, Provost of St Edmundsbury and secretary of the Association of English Cathedrals, says: "The introduction of state aid must not create the impression that less money will be needed from other sources. Public appeals will remain vital to cathedral maintenance."

There is no point in cathedral authorities setting unrealistic appeal targets. Consequently, says the provost, they appeal for what they believe can be raised rather than the amount needed. "This makes it impossible to plan restoration work far enough ahead and leads to a stop-go approach."

Some appeals are specific and relatively small. St Albans last week launched a fund to raise £150,000 to restore the shrine of the martyr to whom the cathedral is dedicated. Other appeals, to finance general repairs, are much larger.

Ely has raised £4.3m from an appeal started in 1986 but Canon James Rone, in charge of the appeal office, says there is a further £4m-worth of work waiting to be done. In addition, the cathedral is trying to raise £1m to establish a maintenance fund for the 21st-century. It has also had to find £1.3m for urgent repairs to its famous lantern tower, which was damaged in last winter's gales.

The bulk of Ely's £4.3m was raised within East Anglia. By contrast, Ripon's appeal for £1.5m has been a national one aimed at industry.

Some forms of income generation involve delicate judgments. Most cathedrals have book and gift shops. Provost Furnell's at Bury St Edmunds raises £13,000-£14,000 a year, but at some bigger cathedrals' income is 10-times greater. Some have cafes, restaurants and tourist centres.

However, setting the limits of commercial exploitation is a challenge for cathedral authorities, who must ensure that the buildings retain the atmosphere of places of worship rather than commercialised museums.

Two years ago Ely took the most difficult decision of all and became the first English cathedral to impose admission charges outside service times. Mr Rone says he detects signs that since the introduction of charges many tourists have taken their visits more seriously.

The charges have not deterred the public from contributing to Ely's appeal fund. The £4.3m raised since 1986 is successful by the standards of cathedral fund-raising.

However, all things are comparative. South of Ely, a cathedral of the present age, the new terminal at Stansted Airport, is rising. Its cost: £400m.

# TV-am chief warns of sponsorship dangers

By Raymond Snoddy

MR Bruce Gyngell, chief executive of breakfast television company TV-am, warned yesterday that an expansion of sponsorship might not bring new money into commercial broadcasting.

He was commenting on the publication of a new draft code on television sponsorship which proposed opening up all of British commercial television, apart from news and current affairs, to sponsorship from the beginning of next year.

Mr Gyngell said yesterday: "There is a danger that people will see it as an easy and cheap way of getting access to television. It is a situation which needs to be watched very, very closely."

He warned that companies which only wanted to establish brand identification might choose sponsorship as a substitute for normal spot advertising.

TV-am is thinking of only accepting sponsors which do not already advertise on the station. Mr Gyngell said that sponsorship was not part of the grammar or culture of British television.

The chairman of the ITV Sponsorship Committee, Mr Malcolm Wall, has estimated that sponsorship could bring in a total of £80m by the end of 1992, although that is not necessarily new money.

Mr Michael Grade, chief executive of Channel 4, is not against sponsorship in principle but he too expresses caution on how much sponsorship he will accept on his channel.

Mr Grade has warned that "the greater the dependence on sponsorship as an element in making up programme budgets, the greater the pressure to concentrate on those 'wholesome' ideas which are most likely to succeed".

Early research on viewer reaction to the sponsorship of the ITV national weather by PowerGen, one of the electricity generation companies soon to be privatised, suggested that a majority did not mind.

Some respondents even said that the weather had much improved since PowerGen started sponsoring it.

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# Major utters that "R" word

MR John Major has won a reputation for caution. When he admits that it is "conceivable" the British economy is already in recession, many will conclude that this means it is a certainty. The latest unemployment, trade and monetary numbers, the gloomy survey published this week by the Chambers of Commerce, the poor results announced by an industrial bellwether such as ICI and the unwillingness to roll over credit lines that triggered the collapse of Polly Peck are all signals of such a recession.

What can the chancellor do about it? The answer is "very little". It is too often assumed that Mr Major will cut interest rates when required by the state of the domestic economy. But he can no longer do so, unless the exchange rate permits.

Sterling has strengthened a little, but it is still only nine pfennigs above its effective floor against the D-Mark. Unless rates of interest fall in West Germany, the peseta weakens against the other currencies within the exchange rate mechanism or confidence in the UK economy improves, further cuts in UK rates of interest would be very risky. Provided the government is not prepared to think the unthinkable, an early realignment, it is the exchange rate that will determine whether rates of interest can be cut.

The chancellor has been disingenuous on this important implication of *ERM entry*. On several occasions – in his Mansion House speech, for example – he has stated that "interest rates will be reduced further only when it is clearly safe to do so". But it is not just a question of when interest rates can be lowered. Mr Major could yet find himself having to raise them, recession or no. It would be wise for him to admit as much.

## No bounce

What then of sterling's "honeymoon" in the ERM? Having been put in at a fairly high rate, sterling does not seem to have much bounce in it, weighed down as it is by a large current account deficit, high inflation and political uncertainty.

The true honeymoon – more a riotous period of living in sin – was between 1986 and 1989. On this point, it is a former chancellor – Mr Nigel Lawson – who is being disingenuous. *Mr Lawson asserts that failure* to enter the ERM in 1985 was a "real tragedy". In terms of disinflation, he is right. But if sterling *had* entered *then*, at around DM3.75, there would have been no rapid decline in unemployment, no accelerated economic growth and perhaps no Conservative election victory either.

What did prove a "tragedy" were the decisions not merely to let sterling plunge, from DM3.97 to DM2.75, between mid-1985 and the beginning of 1987, but also to try to keep it down. It was that "competitive" exchange rate which has left the UK in its present difficulties. Yet this was not necessitated by Mr Lawson's failure to obtain agreement to ERM entry in 1985. These were separate decisions.

From the middle of 1986 to early this month sterling has been in a sort of trial marriage with the ERM, on a central rate of DM3 and a super-wide band of 10 per cent on either side of that central rate. The period of "shadowing the D-Mark" between late 1987 and early 1988 was an extreme episode within a more extended, though less precise pattern of behaviour.

## Confidence undermined

*Letting sterling fall and then* trying to keep it down gave the UK a honeymoon lasting some three years. Interest rates were allowed to remain below what those looking at domestic monetary aggregates might have thought prudent. In an economy with relatively high inflation expectations, a liberalised financial market, and no instrument other than monetary policy for influencing aggregate demand, the result was *rapid economic growth*. Ultimately, the build up of inflationary pressures, mainly – though not exclusively – in the current account, undermined the market's confidence in sterling and allowed the authorities to have their exchange rate policy plus the needed domestic squeeze.

The search for a "competitive" exchange rate within an exchange rate oriented monetary policy and a liberalised economy is a recipe for severe economic instability, for "boom and bust". The UK has had the "boom"; now comes the "bust".

The only way to have been reasonably sure of enjoying a happy honeymoon now would have been to try to enter the ERM at a "competitive" exchange rate. But this would merely have allowed yet another upsurge in inflation while postponing still further the time when the exchange rate bites, as it must in the end. Both wisely and bravely, the government has refused to *repeat that mistake*. There may yet be a little relief over the next few months, but it will be modest. For now and the next *few years the UK will have to* cope with the harder side of married life, even the dreaded "R" word.

It's not quite no more Mr Nice Guy. But there is a new steeliness in Mr John Major, the chancellor of the exchequer, these days.

One year after being catapulted into the chancellorship, and three weeks after taking sterling into the exchange rate mechanism of the European Monetary System, Mr Major appeared on the offensive when interviewed this week in *Number 11 Downing Street*.

ERM euphoria barely lasted a day. Industry is worried that the DM2.95 central rate might be too high. The R-word, "recession", is on everybody's lips.

Mr Major himself is distinctly peeved – with the press and with the City's highly paid, opinionated scribblers. One minute they seemed to hail ERM entry and the simultaneous one percentage point cut in base rates as a masterstroke. The next, they were condemning the government's action as political opportunism.

The chancellor bridled when asked whether ERM entry and the interest rate cut were political moves by a man who is generally held to be a very political chancellor.

"No. I'm not going to play politics with the economy. I know people like to say that. They like to pin labels on people," he says. "If I were going to play politics with the economy, would I have gone into the ERM at an exchange rate that some people argue is too high, with the inevitable disciplines that that implies within 18 months of a general election? Is that a politician playing with the economy?"

The sight of Mr Major detonating is reassuring. In the 12 months since Mr Nigel Lawson rocked the government with his resignation, the chancellor has done a pretty good imitation of an old-fashioned bank manager, being unfailingly polite to all and sundry with a tendency to say no.

Now he impatiently taps his desk to make a point, mixes *his accustomed courtesy with* mild sarcasm and is altogether more brittle. He is no longer a cardboard cut-out figure but a three-dimensional character. At last, it is possible to understand the story of how he started on his meteoric political career by having a furious argument over economic policy with Mrs Thatcher at a whips' dinner in the early 1980s.

Although the chancellor does not say so, winning over the prime minister for ERM entry was his biggest success since taking office a year and a day ago. It testified to his persistence and political skills and laid to rest the unjust charge that he was Mrs Thatcher's poodle.

But that is not his sole achievement. He has developed a "hard Ecu" alternative to the Delors programme for Economic and Monetary Union in Europe, put forward a plan to help the poorest debtor countries and developed further his own particular brand of Conservative economic and social policy with its stress on fairness and helping people to help themselves.

He does not like labels but considers the description "economically dry and socially wet" is "fairish". He laid claim to this ground in this year's New Year interview with the Financial Times when he said he wanted low taxes, low inflation and high investment in a Britain that gives individuals "opportunities to realise their full potential".

# A tougher man at Number 11

**Peter Norman** finds that the chancellor is now fighting back against his critics and events

Conservatives should encourage people to move out *of difficult circumstances* and remove the impediments blocking them, he says. Ensuring that people are more mobile is *one priority*.

"Why do I want people to own capital? Not just so that they have got money. But so that my children and yours will not go through their whole career without ever changing it. The world is moving too fast. They will probably change careers in midlife. If they've got some capital, some savings – capital is an ugly word in a sense – they will be more likely to be prepared to move from a job that is secure to something they want. In short, it opens up a fresh choice."

Looking back at his first Budget, he believes most commentators missed important clues to his economic and social policies.

**Remembering his first Budget, Mr Major thinks commentators missed important clues to his economic and social policies**

One was his decision to abol*ish the composite rate tax lev*ied on savings from the start of the next financial year. "It had been shied away from for a long time because it was technically difficult. It was very convenient for chancellors, composite rate tax: a lot of money, easy to collect, nobody complained. But it was just plain wrong.

"There were millions of people paying tax who ought not to have been paying tax. For example, youngsters, who were given some money by their grandparents. Instead of saving it, they went out and spent it."

By now, *Mr Major's fingers* were tapping hard on the table. "Now that's ludicrous. Not only is it ludicrous, it's unfair – *tap. Not only it it unfair. It's* – *tap* – stupid, because it encourages people right from the very start – *tap* – to believe that consumption is better than savings."

But the chancellor's "first job, of course, is to keep the economy on an even keel and inflation down. I must make the point that if you get that wrong the other things don't matter."

But is it not the economy, with its high inflation, rising unemployment and current account deficit, that Mr Major has got wrong?

The answer is a firm no, illustrated by an *unfortunate* verbal slip. "It will take some time, it always does, to change the economy. It's like turning the Titanic round, as you know."

He is prepared to tough things out. In what is now a pre-election period, he acknowledges that Britain might enter a recession. "If we do, I think it will be quite shallow, and hopefully not too long," he says. "There is no question of anything approximating a slump. We are not remotely in that."

Again he stresses the non-*partisan nature of his chancel*lorship. "I cannot change the electoral cycle. I can't actually change the economic cycle. Everybody still seems to think along these old-fashioned lines of engineering some artificial mini-boom for the election. You can't do it now. Even if it were right to do – which it isn't."

The chancellor believes his party "will win the next election and be the government after the next election". His *goal is* "to move down into the 1990s with the inflationary problem behind us" and the economy stable. "So I am not going to play silly games with it before the election."

Does that mean he is prepared to take the pain that ERM membership might entail?

"Of course. Why else go into it?"

Even if that could mean 50,000 more unemployed a month?

"We don't know, do we? But policy isn't just geared to the short term. Policy has to be geared to the long term. I am fed up with us having a less good economic performance than some other people. There is no reason why we should. There is no reason why we should not look the best economies in Europe smack in the eye and perform as well as them."

So is this why, after 10 years of Thatcherism and the free market, we have a chancellor jawboning away; using every opportunity to tell people to moderate their wage demands?

"How can I not do that? We are not going to have an incomes policy. But what I actually said was to tell people it's up to them, that if they *pick injudicious* wage increases there will be a price to pay. Now if I had not done so, it would have been per*fectly fair of you to say to me*, as some people did a week or so ago: 'He hasn't told us what membership of the exchange *rate mechanism means*.' *I do* tell people what membership of the exchange rate mechanism means and they say: 'He's lecturing workers and telling them to take pay cuts.'

"My critics can play it either way and there is nothing I can do about that. But out there are people who actually need to know what the new world we are living in is like. And the new world is that there can't be an exchange rate devaluation. And wages policies of one sort and another have been tried repeatedly over the past 20 years and don't work."

While Mr Major's past 12 months were no picnic, the period ahead is bound to be more difficult. Since ERM entry, the economy is in uncharted territory. Britain's European partners will probably be pressing for faster progress *on monetary* union. The best possible news for the government – a fall in inflation – may well involve a further *slowdown in the economy*. And that general election must be fought by mid-1992 at the latest.

But on the evidence of this week, a tougher, more combative Mr Major is readying himself for the task. After all, as a possible successor to the prime minister, there is more than the tenure of Number 11 Downing Street at stake.

# Labour's favourite Tory

**Malcolm Rutherford** on Edward Heath and the Conservatives

Mr Denis Healey records in his memoirs that the man generally known as Teddy Heath returned from the war as "Ted". With the change in name went "a new toughness *that was to take him to the* Chief Whip's Office and No 10". And it is one of the intriguing footnotes to British politics that Mr Healey, Mr Heath and the now Lord Jenkins were at the same Oxford college together. Mr Heath was the organ scholar. He was also the only one of the three to become prime minister.

Many people have changed their minds about Mr Edward Heath over the years, some of them several times, and he has not always been his own best advocate. The division of views about him came out as clearly as ever this week when he was in Baghdad negotiating to bring home British hostages.

On the one hand, there is the plain, blunt man remarkably popular with ordinary people and nowadays the Labour party's favourite Tory. On the other, there is the irascible, resentful, sometimes extraordinarily ungracious figure who refuses to make his peace with Mrs Margaret Thatcher.

The best way to understand the Heath-Thatcher relationship is to recognise that they are two of a kind. Both came from relatively humble origins; both were introduced to a wider world at Oxford; and both have a rigid belief in their own rightness, yet perhaps surprisingly a willingness to listen to others when their certainty gives way to doubt.

Mr Heath's road to No 10 was not entirely paved with honour. Some of his colleagues (now dead) never forgave him for quietly and almost without *telling anyone supporting* Alec Douglas-Home for the leadership when Harold Macmillan was on his way out in 1963. The reasoning must have been that Home would not survive very long, and that Mr Heath would be well placed to succeed him, which is exactly what happened.

Yet the procedures under which Home took over led to a change in the rules under which the Tory party picks its leader. Mrs Thatcher took advantage of the new system to defeat Mr Heath in 1975.

The biggest and least publicly discussed question in the history of the modern Conservative party, however, is how Mr Heath managed to go to the country and lose. There was no necessity for that election to be called.

Having won a surprising victory over Mr Harold Wilson in 1970, Mr Heath was in many ways an outstanding prime minister. He took Britain into the European *Community. True, he had to* work with President Pompidou, not President de Gaulle, but it was still an achievement. The British Foreign Office, for example, had advised him that no French president could be trusted to let Britain in. Mr Heath, who had been the original negotiator under the Macmillan *attempt at entry*, went ahead and succeeded.

In government he introduced the central policy review staff, which was intended to allow all members of the cabinet to take outside advice. He came as close as anyone to reaching an Irish settlement in the Sunningdale agreement, which collapsed after he lost the election. He led a happy cabinet. Ask any of the survivors about that. Mr Douglas Hurd, for instance, now foreign secretary, who was Mr Heath's political secretary at the time, wrote a glowing tribute to Mr Heath's administration in his book An End to Promises.

Moreover, as leader of the opposition Mr Heath showed all the zeal in preparing for government that was *later* to be displayed by Mrs Thatcher. He was not, in the late 1960s, an idol of the Labour party; rather he was taunted as Selsdon Man after the conference in a suburban hotel which set out the new Tory economic policy. The now Lord Joseph was subsequently to say that Selsdon had everything contained in Thatcherism – except monetarism.

What then went wrong? The broadest explanation is that Mr Heath ran into the familiar problems of the British economy: rising unemployment, followed by overheating and, more common to the 1960s than the 1990s, industrial action. The miners' strike which led to the premature election in 1974 was accompanied by the first oil shock.

No one has ever claimed full responsibility for persuading *Mr Heath to go to the country* when he did. The most that is said in extenuation is that he should have gone in early, rather than late *February*, when he might have won. Anyway, he lost. History will probably say that he should have stuck it out; in which case, Britain in the 1970s might have been very different.

Mr Heath's critics in the Tory party have never forgiven him for his alleged U-turn on economic policy. He reacted to unemployment by increasing state aid to industry and to inflation by introducing an incomes policy. He was also prepared to negotiate with the trades unions. That, of course, is one of the reasons why the Labour party likes him, apart from the fact that he is so obviously at daggers drawn with Mrs Thatcher. It is slightly ironic that all these years on she is in much the same position as he was – wondering when is the best time to call a general election. *If ever there was a desirable* political reform in this country, it is the introduction of fixed-term parliaments.

**Ian Davidson** considers the French government's enthusiastic attitude towards a federal Europe

# Ambitious aims for political union

After Tuesday's debate in the House of Commons, Mrs Margaret Thatcher may feel fortified in her determination to resist the idea of a single European currency at this weekend's European Summit in Rome. But her protests will not dent France's long-term objectives for the Community, which have become increasingly ambitious in recent months.

In Economic and Monetary Union (Emu), the French government remains committed not merely to the principle of a single currency, but also to its early implementation, and hopes to achieve it within five years. But Emu has now become for France only a part, though a very important part, of a much larger objective.

Earlier this year President François Mitterrand took the critical step of saying out loud that he saw the Community as having a "federal finality".

Some people may have discounted the remark in the belief that he could only be referring loosely to a far-distant or metaphorical ideal, which might no doubt be irritating to Mrs Thatcher at the level of Euro-babble, but could not be meaningful in operational terms.

From top-level conversations in Paris this week, however, it *is clear* that the government is seriously aiming at a federal system which would be in place within a relatively short period. *One senior minister* this week set a target timetable for the creation of a federal authority at "15 or 20 years, and probably quicker".

French initial interest in seeking a political strengthening of the Community was prompted earlier this year by the prospect of the unification of Germany and the desire to *contain the new Germany in* a deeper and stronger EC structure. But the impulse has been reinforced by the Gulf crisis and the sense *that* Europe *is* incomplete and vulnerable without a real foreign policy and security dimension. "Saddam Hussein has helped us to understand that Europe needs defence, and not just a strong balance of payments," said a senior government member.

Precisely what such a federal system would look like and how it should be constructed remains unclear. French ideas are still tentative, and the administration admits that it is only now starting to explore the options. "We want to go ahead fast," says a senior official, "but not too far right away. We are not looking for a federal system in the first instance, and we are not at all sure what are the best ways forward."

But the French agenda undoubtedly includes a strengthing of Community institutions; the priority is to strengthen the powers of the Council of Ministers and the European Parliament, but the Commission too should have its powers increased, and should be given a bigger role in the development of a more co-ordinated EC foreign policy.

*The theme of European* defence has been a favourite topic under President Mitterrand, but has not been accompanied by any practical proposals. The primary difficulty in the past has been that hostility to any military integration with its allies has been a central plank of France's defence doctrine, whereas most of *France's* Community partners are members of Nato and have been committed to Nato's integrated military structures.

*But the international context* has changed in two important respects. First, the evaporation of the east-west confrontation is raising a large question mark over Nato's strategy, and even over its continued existence. Second, Nato is not well placed to be a vehicle for strategic solidarity between the US and Europe, if war breaks out in the Gulf.


The problem is that there is still a gap between France's defence policy and those of its European partners. That gap was *highlighted* recently by President Mitterrand's unilateral decision to remove all French troops from Germany, which caused dismay and incomprehension in Bonn.

At present, President Mitterrand is not ready for a basic revision of French defence policy. He does not wish to attack Nato, which is irreplaceable for counter-balancing Soviet military power, and he wants the US to stay in Europe. He believes there is room for a *complementary* structure in Europe, but a European defence policy requires the creation of a political Europe, and that will take time.

In the meantime, two themes stand out. The French would welcome some nuclear co-operation with the UK, and maintain that it would be well received by other European countries.

In a broader multilateral context, the French envisage some kind of rapprochement between the EC and the nine-*nation Western* European Union, perhaps to create a European crisis or emergency planning mechanism, or perhaps to help co-ordinate the management of (independent) national defence forces.

In Emu, the three phases set out by the Delors Committee are still in French eyes the blueprint for getting to monetary union. They would prefer the transition to Phase Two to take place on January 1 1993, and to be followed rapidly by Phase Three *of* monetary union; but if the German government would rather postpone Phase 2 to January 1 1994, as Chancellor Helmut Kohl has suggested, then so be it.

The main unresolved question is how this timetable is likely to be affected by Mrs Thatcher's hostility to monetary union. The French government is reluctant to envisage a two-speed monetary union, in which some countries would get left behind, and believes it should be possible for all 12 to keep together.

The Bank of France deplores the expression "two-speed monetary union", but sees no objection to a longer transition period for countries which, in the words of a senior Bank official, "are not yet in harmony with the idea of giving up the power to change their exchange rate".

The charter for a future European Central Bank is already three quarters complete, and the Bank of France expects it to be finalised before the Inter-Governmental Conference is launched at the December European summit.

The independence of this European Central Bank from interference by national governments or the Commission, is regarded as essential by the Bank of France, and reluctantly conceded by the government. The Bank says that a single monetary policy cannot be managed by a collection of different governments; the government describes independence as a regrettable but unavoidable price to be paid to the Germans and the taboos of the Bundesbank.

The British notion of a hard *Ecu gets* some condescending, kind words from the Bank of France, but no support. "It's a good idea," says the senior official, "but we haven't discussed it that much. Monetary union means one monetary policy; and a 13th currency would have a complicating effect."

France's ambitions for the EC have expanded much faster than the *detailed thinking*-through of ways to put them into effect. But Mrs Thatcher would be ill-advised to conclude either that there is no substance in President Mitterrand's European political objectives, or that he can be easily diverted from them.

■ Euro MEPs: the travelling circus, Weekend FT

# The rise and fall of Polly Peck

## Britain's most successful share of the 1980s succumbed to the first year of the new decade. FT writers tell the story of Polly Peck's voyage from obscurity to riches, which ended in administration earlier this week

On a sultry Mediterranean evening just six weeks ago, Mr Asil Nadir savoured what was to prove a fleeting moment of triumph.

Hundreds of guests had been invited to celebrate the opening of the new Sheraton Voyager hotel in Antalya, Turkey, built in lavish style by Polly Peck International, the company Mr Nadir headed.

Bankers and stockbrokers flown in from London for the weekend on Nadir's own airline, Noble Air, mingled with other business associates and employees of Mr Nadir's privately-owned Turkish interests.

In the middle of a Turkish fashion and music show, the host arrived. "He walked in, surrounded by all these people," said one guest, "and the show stopped. A spotlight was trained on him. All the Turks and Cypriots in the audience immediately jumped to their feet and applauded rapturously. He acknowledged the applause like some kind of film star."

Mr Nadir strode towards Rauf Denktash, the leader of northern Cyprus and his guest for the weekend, and they greeted one another enthusiastically.

The warmth of his reception was not surprising, according to a visitor from London. "Don't forget," he said, "this man employs one-third of the working people in northern Cyprus. The economic impact if they lost their jobs would be catastrophic."

By contrast with the exuberance in Antalya six weeks ago, the proceedings in the Companies Court in London on Tuesday lacked drama.

Court 55 is one of a dozen new courts opened earlier this year in a far corner of the Victorian Gothic law courts in the Strand. Its atmosphere of functional austerity – light oak benches, bare painted walls and concealed strip lighting contrasts with the gloomy magisterial aura of the older courtrooms.

The listing for Court 55 on Thursday was brief to the point of obscurity: Companies Court; Ex Parte Application.

Behind that curt announcement lay the the legal moves that would strip Mr Nadir of his power as chief executive and chairman of Polly Peck. The application was by the company's directors for an order placing it in administration.

And, after a hearing conducted in characteristically low-key manner by the lawyers, that is exactly what they got.

Mr Nadir himself was not present. At about nine o'clock the previous night, after having shuttled between Cyprus, Istanbul and London for 48 hours of fruitless talks, he was at home, sounding weary and depressed and preparing to take what he said would be a long, hot bath.

His mood was fragile, to say the least. At times he sounded disgusted with the world, railing at what he termed "silly" bankers and "cock-ups" by British investigators from the Inland Revenue and SFO. At times he sounded drained, admitting he was exhausted and saying he had had "a . . . rotten day".

He talked at length of what he said was the unwillingness or inability of UK officials and investigators to understand how the complexities of Greek-Turkish relations over Cyprus could affect a listed UK company.

Mr Nadir complained about investigators at the Serious Fraud Office and the Inland Revenue who had been looking into his affairs. "These people went on hearsay and gossip," he said, and claimed to have "a series of documents that will show what nonsense the whole affair has been".

Toward the end of the conversation on *Wednesday he lapsed into a* moment of self-mocking humour: "I broke the record, you know. I am the person who has received the most coverage in the British press in square inches since 1943." He paused for dramatic effect before identifying his record-breaking predecessor in the square inch league.

"It was Churchill," said Asil Nadir. "It was Winston Churchill."

Churchill was prime minister when Asil Nadir was born in Famagusta in Cyprus 1942, where his family lived before moving to the island's capital, Nicosia. His father, Irfan Nadir, was a constable in the British colonial police force before starting a small stationery and book shop.

Irfan gained a reputation among his fellow Turks as an innovative businessman – if not a terribly successful one.

One of his innovations was to bring English buses to Famagusta. He had the reputation of being one of the few Turks capable of competing with the Greek dominance of the commercial *life of the island.* Greek opposition to Irfan, including setting fire to his buses, is said in some quarters to be the reason for his move to the UK with his family in the late 1950s – leaving behind *several debts on the island.*

After a year or two in London, Irfan Nadir started a clothing company, Wearwell, in which he was joined by his son Asil.

Towards the end of the 1970s Asil Nadir spotted the potential of the citrus business in northern Cyprus. In the wake of the Turkish conquest of northern Cyprus in 1974, the orange groves were left untended and their commercial potential was ignored. "We had lemons rotting under the trees," says a Cyprus lawyer, "English friends who saw them told me: 'We buy these at home yet you plough them into the soil.'"

Mr Nadir decided that if the fruit was properly graded and packed, he could do better. The essential step was to build and operate his own packaging plant in northern Cyprus. To get the necessary cash for this, Mr Nadir decided to tap the stock market. He opted for a reverse takeover, backing into Polly Peck – at that point only a shell company – followed by a rights issue.

With the cash, he set up Sunzest, a subsidiary of Polly Peck, to export fruit from Cyprus, and Unipac, a cardboard box factory. The opportunity was a straightforward business one – but to take advantage of it required exploiting an elaborate network of political and personal favours.

Polly Peck rapidly became central to the northern Cyprus economy. "Asil Nadir brought us marketing expertise which we desperately needed," said one local observer. Mr Alex Shevkat, manager of a holiday company, who comes from a citrus growing family, said: "Asil Nadir came like a knight in shining armour. He gave us a new lease of life."

Success attended Sunzest's efforts, and Polly Peck's share price began a seemingly inexorable climb. Its share price rose from 9p in 1980 to £35 in 1983 (equivalent to a rise from less than ½p to 181p in terms of today's shares). Soon the group was announcing its diversification into other areas: fruit and vegetables operations out of mainland Turkey and consumer electronics. Then, when Polly Peck seemed set for success in April 1983, disaster struck.

In the City doubts began to circulate, fanned, most Turks believe, by Mr Nadir's enemies among the Greek Cypriots who were resentful of his success in making profits out of their former orange groves.

Rumours that the Turkish Cypriot authorities were about to withdraw tax concessions helped fuel a market panic and a plunge in the share price. Polly Peck lost more than a quarter of its market capitalisation in 20 minutes.

However, the company continued trading, apparently unaffected, and in time its share price resumed its rise. By early 1990, it was close to 450p, valuing the company at nearly £2bn.

It remained unclear, however, exactly how Polly Peck made its steadily rising profits. This ignorance was not confined to outsiders. Few, if any, of Polly Peck's executives in London had any idea how the Turkish and northern Cypriot operations – which accounted for 70 per cent of the group's reported profits – made their money. One executive, who visited operations in the area several times, admits: "I've been out to Cyprus, but I don't understand it. I just don't know how it was done."

Unofficial estimates of northern Cyprus citrus exports put them at £8.9m in 1988, £9.3m in 1989. Yet Polly Peck claimed to be making advance payments to farmers many times larger than that. There seemed a large discrepancy between the supposed size of advance payments and total value of crop.

As a whole, the fruit business in the eastern Mediterranean was eating up Polly Peck's cash at a phenomenal rate. "All the money always went out to Turkey," one of those at the company says. "New facilities from the banks were used to pay interest expenses, dividends and head office expenses."

None of the Turkish operations was financed by local borrowings – at first, at least – due to high local interest rates which would have wiped out reported profits. The corollary of this, though, was that the company experienced foreign exchange losses due to the fact that much of its working capital was in a depreciating currency.

Trading profits went through the profit and loss account, while the attendant exchange losses were shown as adjustments in reserves. In the past two financial years alone, covering the 29 months to December 1989, £215m was written off in this way.

Certainly, Polly Peck knew all about cash crises. Early in 1987, things had got so bad that assets were being sold and some head *office staff* were going without pay as the company struggled towards a dividend payment due in early April. "Every phone call was a creditor," one former executive recalls.

A lifeline from Hongkong Bank, at the time the company's largest creditor, was proffered and then withdrawn at the 11th hour – a day one former executive still refers to as "Black Friday" – before another bank could be found to tide the company over. The outside world was none-the-wiser and Polly Peck went on to ever higher profits and share price.

POLLY PECK'S PROGRESS

Mr Nadir himself ran the expanding empire from an office in Berkeley Square elaborately furnished with antique mahogany chests, expensive looking Turkish rugs and a clutter of *objets d'art*.

Visitors could expect warm hospitality: traditional Turkish yellow mint tea, plates of olives, cheese and tomatoes and as many Silk Cut cigarettes as Mr Nadir, a chain smoker, has left in his nearest packet.

Tall, his dark hair slicked back above a high forehead, Mr Nadir has a preference for hand-tailored Navy blue blazers, grey flannel trousers and Gucci-style loafers. His style of dress and manner are those of international cafe society, rather than of the chairman of a large British quoted company.

His way of running the company was also distinctive. "I am a workaholic. Work is my hobby," he said a year ago. He made little distinction between weekdays and weekends – executives were not surprised this August to be summoned to a Sunday board meeting at one day's notice.

Bank mandates allowed Mr Nadir and other directors to make payments on the strength of a single signature. One large shareholder says now: "Is that a satisfactory way for a public company to run its affairs? Is there a single other public company where an individual could wield the pen to move the funds in that way? I've never come across another company like it."

He adds: "One does wonder what the other directors have been doing over the years to allow this."

Executives came and went. The climax was the resignation in June 1989 of Mr Tony Reading, the company's managing director and a former senior executive at BTR, widely regarded as one of Britain's best-run companies. His departure after 21 months was apparently triggered by Mr Nadir's decision to downgrade his role.

Mr Reading's resignation failed to shake City confidence. Mr Nadir met institutional shareholders to explain why he had gone. A shareholder recalls: "It came across as very convincing – Mr Nadir was portraying himself as a hands-on chief executive, trying to get things done, make it work."

A former director says that Mr Nadir came to believe his own favourable publicity. But the banks fuelled his belief that the company's future knew no limits. From 1988 onwards, they began to knock on Polly Peck's door offering credit lines, he says. Mr Nadir could not say no – and did not.

His opportunity to move his company decisively into the big time came just a year ago, with the £577m acquisition of the fresh fruit business of Del Monte of the US. The deal – partly financed by a £283m rights issue, the second big cash call in a year – made Polly Peck the world's third-largest fruit distributor. The City fell over itself to approve: the company's share price rose 38 per cent.

The purchase was seen as a good fit: Del Monte's strength in the US market for bananas and pineapples would complement Polly Peck's strength in citrus fruits in Europe, and Polly Peck would be able to use the well-known Del Monte brand name for its own produce.

Within weeks, another deal was on the way. In late October 1987, Polly Peck agreed to buy 51 per cent of the shares of the tiny and troubled audio group Sansui, for £69m. The deal was greeted by the Japanese establishment with rapturous enthusiasm, because it allowed the Japanese authorities to make a point they badly wanted made – that it was possible for a foreign company to make a successful takeover bid for a quoted Japanese company.

Mr Nadir announced at a lavish press conference in a Tokyo hotel: "Today is almost an historic landmark in the relationship between Japan and other trading nations."

"This demonstrates that Japanese financial markets are open," said Mr Hikaru Matsunaga, then minister of international trade and industry.

The fact that Polly Peck got its chance to buy Sansui only because the Japanese company was virtually bankrupt and no other Japanese was willing to take it on was not highlighted.

Still, the relationship appeared to work well in its first few months. Polly Peck put new life into the Japanese company by selling it its own successful electronic subsidiaries, Capetronics and Imperial.

At Polly Peck's annual general meeting earlier this year , in the packed ballroom of the Grosvenor House, Mr Nadir stood against a backdrop saying "Growth on a global scale". He said: "May I congratulate you for being investors in the stock of the decade . . 1989 was our coming of age." Behind the scenes, things were a bit more complicated.

The Del Monte deal had brought new respectability, but it also brought its own problems. Too much of the finance for the Del Monte deal was in the form of uncommitted bank facilities. The risk was worth it to get Del Monte, suggests a non-executive director, but it made Polly Peck vulnerable to any change in bankers' sentiment.

And, he says, no one on the board – not even Mr Nadir – realised how illiquid the company's huge bank balances in northern Cyprus were. Taken together, these facts created the potential for a cash crisis if the company sustained a public setback.

Such a setback was not long in coming. As well as the uncertainties of its own finances, Polly Peck was having to cope, by the summer of 1990, with rumours of market manipulation or insider dealing. These stories were not new. "There were always stories in the background of funny dealings going on," says one large shareholder. "But we never saw any evidence of a sustained operation."

Others had heard the same rumours, and were beginning to look into them: the International Stock Exchange's insider dealing group, the Inland Revenue and – this autumn – the Serious Fraud Office.

Their inquiries have focused on two suspicions: that there had been a concerted effort over several years to buoy up the company's share price, and that there had been cases of possible insider dealing.

**Bank mandates allowed Mr Nadir and other directors *to make payments on the strength of a single signature.* One large shareholder says now: 'Is that a satisfactory way for a public company to run its affairs? Is there a single other public company where an individual could wield the pen to move the funds in that way? I've never come across another company like it'**

Many of the dealings in Polly Peck shares now under investigation had been carried out by Mr Jason Davies, a young stockbroker who had once worked with Mr Nadir's son, Birol. Mr Davies had since moved into the Berkeley Square offices of South Audley Management, a company owned by and set up to manage Nadir family interests. He shared an office overlooking Berkeley Square with Elizabeth Forsyth, the director who ran South Audley. South Audley Management was owned by a circular chain of companies which included Restro of Jersey.

Mr Nadir told the Financial Times in early October that it had been a property and payments vehicle which handled the purchase and furnishings of Baggrave Hall, his Leicestershire stately home. It was also used to handle many other miscellaneous payments, including the cost of some of his press operations.

People who visited South Audley say it was a sleepy company, with little outward sign of activity. "No one ever seemed to be doing much except drink coffee," says one.

Another visitor recalls: "It was amazing how many people there were feeding off Nadir's wealth. Quite literally. Bacon and egg breakfasts from the kitchen in the basement would be served at 10.30 in the morning for those who wished."

There were questions about how well South Audley was run: margin calls from banks, which held Mr Nadir's shares as collateral, were frequently missed.

Two questions remain unanswered: who were the beneficial owners of the shares bought by Mr Davies, which were registered in the names of Swiss nominee companies? And where did the money come from to buy them?

One allegation being investigated by the SFO is that some of Polly Peck's own money was routed through Unipac, its Cypriot cardboard box manufacturer, to the Nadir-owned Industrial Bank of Cyprus, before being remitted to Midland Bank International in London and paid out to stockbrokers for Polly Peck shares.

Nadir himself strongly denies such suggestions, claiming that a ham-fisted and wrong-headed approach by the investigators, who raided South Audley last month, is to blame for his company's demise.

Stories about the investigations were under preparation in two London Sunday papers by the late summer of 1990. But the day before they appeared – in the Observer and the Sunday Times – Mr Nadir took a step that was ultimately to to prove disastrous. At a hastily arranged Sunday afternoon board meeting on August 12, he made a tentative proposal to buy out the 75 per cent or so of the company's shares that he did not already own. Then, just as abruptly, he withdrew the proposal five days later. This bizarre episode led to a Stock Exchange investigation, which produced a damning censure of his actions which was forwarded to the Department of Trade and Industry and the Serious Fraud Office.

From that moment on, events were out of Mr Nadir's control. Mr Nadir's insistence that he had wanted for several years to take the company private has been confirmed by his sister, Mrs Bilge Nevzat, and by non-executive directors. His argument that the London stock market was not a friendly environment for a company like Polly Peck fell on fertile ground in board meetings. Directors looked at the possibility of changing the domicile to Switzerland – where Mr Nadir has been establishing personal and business residence – the US or even Japan.

The episode raised serious questions about the management of the company, and about Mr Nadir's own position. As Polly Peck's shares fell, in the aftermath of his bid withdrawal, Mr. Nadir's personal finances were coming under strain. Banks which had lent him money secured by his shares in Polly Peck began to sell them.

On September 19, the Serious Fraud office raided South Audley Management, and banks dumped big blocks of Mr Nadir's shares on the market, helping to drive the price down from 243p to 108p, at which price the shares were suspended. Mr Nadir began an increasingly desperate search for cash, for himself and for the company. On September 28, it stopped paying its debts.

As the cash crisis loomed, Nadir's first thought seems to have been that he would be rescued by the Turkish President Turgut Ozal.

"Nadir's Turkish operations are all products of the Ozal era," says one Turkish banker.

During the early stages of Polly Peck's problems in the early summer, Turkey's political establishment threw itself behind Mr Nadir and the group. At the end of August, a foreign ministry spokesman in Ankara denounced alleged Greek Cypriot machinations against Mr Nadir and Polly Peck.

Mr Nadir decided to fly to New York on September 28 to see the Turkish President Turgut Ozal who was in the city for a UN meeting.

That day, Mr Güneş Taner, Turkey's economics minister, wrote a letter to the British Foreign Office, saying that the Turkish government was examining an aid package for Polly Peck. He asked that London "hold the situation steady" with the company's UK-based bank creditors. The Foreign Office asked the Bank of England for soundings from the bank creditors and based on these drafted a reply (in the form of a telegram) that was handed to the Turkish foreign ministry the next day. The message was immediately sent to Mr Ozal in NY, who was, says an aide, "furious". The letter warned that Polly Peck faced the appointment of administrators within 48 hours (by Monday 10am London time) unless the Turkish government produced £100m of rescue money.

Mr Ozal's aide says the president called off a planned Turkish bail-out because he took the telegram to be an ultimatum. He said later: "We decided that Turkish banks should not have to bail out Standard Chartered and other UK banks."

Behind the scenes, the Turkish cabinet seems to have been split on whether or not there should be a rescue operation for Polly Peck, but Mr Taner's caution seems to have held the day.

At this point the Turkish banks themselves seem to have decided to mount a resistance against helping Nadir. They felt they did not want to be embroiled in what would be by Turkish standards a very large syndication of £100m on behalf of a foreign company with which most of them had had no dealings.

"Mr Nadir has never dealt with us. Until now he avoided doing business with us," said one state bank "Why should we help him now, especially when we do not know what we would be letting ourselves in for?"

His mission in New York a failure, Mr Nadir flew back to London. There, on October 1, he and the Polly Peck board issued statements about the condition of the company which admitted for the first time that both were suffering from liquidity problems. They announced an investigation into the company's financial position by Coopers & Lybrand, the accountant.

Different rescue plans to staunch the liquidity crisis were hastily drawn up. Del Monte Tropic Fruits or a minority stake in it could be sold, it was thought. One of Mr Nadir's Turkish advisers believed three buyers might be interested and the deal would raise more than enough cash to rescue the day.

That hope was held out at a meeting with Polly Peck's bankers in London on September 5. The meeting was restrained, but Mr Nadir's failure to give direct answers to questions antagonised the bankers.

"It was all very British," said one of those there. "People got up and asked questions, and when they weren't answered just sat down again."

Though cash flow statements were produced which showed the need for big new infusions of money over the next few months if Polly Peck was to meet its debt service obligations and continue trading, the bankers agreed to give Mr Nadir a week's grace. He promised to mobilise cash reserves from Cyprus and elsewhere.

A week later, Mr Nadir was talking about a new rescue plan. It had taken years to acquire Del Monte and Sansui; such opportunities might not come again. Why not hang on to them by selling the group's Turkish assets? Unfortunately Turkish buyers did not step forward. Hopes of a green light from President Ozal for a rescue campaign faded.

When the banks met again on September 12, tempers were shorter. Mr Nadir's calm manner began to grate. One banker at the meeting said: "He seems to have no idea of the trouble he's in." The creditors were told that Coopers & Lybrand Deloitte had failed so far to trace £200m of Polly Peck's money.

Tensions between the banks added to the confusion, with some pushing for an administration while others favoured keeping the company alive. Coopers & Lybrand, meanwhile, was having trouble getting access to Polly Peck's Turkish subsidiaries.

Though the accountants managed to get access to Vestel Elektronik fairly easily, they found their path blocked when they came to approach Meyna, the citrus fruit exporter which is said to be behind Polly Peck's extraordinary profits.

On October 21, a Turkish Cypriot court delivered a further blow by handing out an injunction to a group of orange farmers which prevented the group and its employees from showing any documents to outside parties.

Against this background, the bankers' sentiment crystallised against Mr Nadir. His increasingly desperate attempts to raise cash in Cyprus and Turkey led nowhere. By last weekend, banks were agitating for Polly Peck to be put into administration – and after a long meeting on Wednesday, the board decided to comply.

Asil Nadir is deeply hurt. In conversations over the past 72 hours Mr Nadir has given the impression of a man who feels grievously wounded and under siege. Soft-spoken and even childish at times, he presents himself as a wealthy anglophile who feels that his work and material success in London has not been rewarded by acceptance into the establishment.

In northern Cyprus, sentiment is more ambiguous. The impact of administration is not yet manifest but the first signs of job worries among the 5,000 permanent and 3,000 seasonal workers said to be employed in north Cyprus by Nadir and Polly Peck interests are beginning to emerge. One hotelier said: "Staff in his hotels have been coming up to me and asking for jobs."

It is politically sensible to support Mr Nadir outwardly in the business community. Privately, however, business people are beginning to reassess his contribution to the economy. Rival hoteliers are angry at the way he poached their best staff with promises of much higher salaries.

In Turkey, Mr Nadir's newspapers are starting to publish criticisms of Mr Ozal for the first time. His appeals for support, at the end, were no longer being directed to Ankara, but to President Rauf Denktaş in Nicosia.

Mr Nadir's underlying message seemed to be that if he went, the position of Mr Denktaş – the elected president of a self-proclaimed republic of 180,000 people unrecognised anywhere else except in Turkey – might also be under threat.

In London, shareholders and bankers' concerns were more mundane. The administrators appeared to be promising them that – perhaps with the help of a little more cash – most of Polly Peck could be rescued as a going concern. There might even be some money left over for the shareholders. For those people – institutions and individuals – who had invested in Polly Peck at its peak, that prospect offers little consolation. Few of them, at any rate, are likely to be offering Mr Nadir the film star's welcome he could claim only six weeks ago.

*Reporting by: David Barchard, Richard Donkin, Clay Harris, Stephen Fidler, Alan Friedman, Daniel Green, Vanessa Houlder, Jim Kelly, David Lascelles, Ian Rodger, David Waller, Richard Waters.*

# ADT asks SE for share dealing investigation

**By Andrew Hill**

ADT REACTED angrily yesterday to what it claimed was an abuse of parliamentary privilege and an attempt to smear the security and vehicle auction group, and its chairman, Mr Michael Ashcroft.

The group is also asking the Stock Exchange to investigate dealings in ADT shares which it believes may have been influenced by adverse rumours about the Bermuda-registered company in the market over the last month.

Those rumours resurfaced yesterday after Mr Rhodri Morgan, Labour MP for Cardiff West, tabled three parliamentary questions for the attorney general suggesting that the Serious Fraud Office was looking into Mr Ashcroft's activities.

The attorney general will answer the questions on Monday afternoon, but ADT said in a statement yesterday: "Neither ADT, its chairman, nor any of its directors have had any contact with, or approach from, the Serious Fraud Office."

ADT also implied that Mr Morgan's questions were politically motivated. The company said he had been a consistent critic of city technology colleges (CTCs), thegovernment education initiative. The Wandsworth CTC, due to open next September, is sponsored by ADT.

The Labour MP replied: "My questions have no relation to ADT, and are based on information that comes from an unimpeachable source."

*ADT's shares have fallen* from 140p since the beginning of the month. They dipped below 100p yesterday morning, before closing at 103p, down 5p, supported by the group's robust statement. ADT also bought 4.5m of its own shares – less than 0.5 per cent of the total equity – in the market.

*Mr David Hammond, ADT's* finance director, said yesterday: "The fact that we were prepared to go into the market seemed to be seen as a vote of confidence."

Nervous reaction to rumour has been a marked feature of the London stock market's performance, especially since the rapid demise of *Polly Peck* International.

Peninsular & Oriental Steam Navigation Company asked the Stock Exchange to investigate movements in its share price yesterday: P&O shares have fallen 25p this week to 489p. The property and shipping *company said yesterday that* rumours of a forthcoming rights issue and problems with its property portfolio were "totally untrue and without foundation".

Michael Ashcroft: victim of a 'smear' campaign?

# L Ashley advertises for chief executive

**By Maggie Urry**

IN AN unusual attempt to recruit a new chief executive, Laura Ashley, the English-look frocks-to-furnishings group, has launched an advertising *campaign with the company's* name prominently displayed. Normally such advertisements *refer* obliquely to "a major public company" or else headhunters are used to find suitable candidates discreetly.

The Laura Ashley advertisement includes a long statement written by Sir Bernard Ashley, the group's chairman, who took the decision to advertise this way himself. He *says* that he is "looking for a chief executive to lead Laura Ashley into its next phase of development." This is to build the group's brand internationally.

Sir Bernard also says the "*the person to lead this development* must have sympathy with the product and must *also live the same lifestyle* that it promotes."

Mr John James, Laura Ashley's last chief executive, resigned in August after 16 years with the company. The group, which incurred a loss of £4.7m in its last full financial year, has suffered from gaps on the board before. It *took over a year for the group* to appoint a finance director after the previous incumbent left at the end of 1988.

Apparently a firm of headhunters had been appointed to look for a chief executive but came up with a list of names of UK retailers. Sir Bernard wanted someone who could *take a more global view of the* business.

According to Mr Barry *Underwood, of Coopers &* Lybrand Deloitte, which recently took on the search for a new chief executive, his firm cannot recall a similarly senior position being advertised in this way. The advertisement appeared in yesterday's Economist magazine and is also being placed in the *Financial Times, other* UK newspapers, and the Wall Street Journal's US editions.

Mr Underwood said that Sir Bernard was keen to find "an unusually gifted senior person". He said it was a "highly personalised recruitment" and the person appointed would have to fit into the Ashley "values".

The search for this person might take longer than usual, *Mr Underwood said, because of* the international nature of the appointment.

# Polly Peck administrators meet Nadir

**By David Barchard and Richard Waters**

*THE THREE* administrators of Polly Peck International spent most of yesterday in discussions with Mr Asil Nadir at his headquarters in London's Berkeley Square as the administration swung into operation around the world.

Staff from Coopers & Lybrand, whose partners Mr Michael Jordan and Mr Richard Stone lead the administration, were in place yesterday in *Del Monte in the US, Sansui in* Japan and in operations in Turkey, as well as at Polly Peck's headquarters.

The two Coopers partners spent the morning explaining to Polly Peck's staff and directors what the administration would entail, and assuring them that their salaries, due yesterday, were being paid.

Mr Jordan said that Mr Nadir had been helpful, but that little work had been done in the preparatory stages of what is likely to be a long procedure.

A possible blow to the administrators' chances of unlocking Polly Peck's assets in northern Cyprus came when the finance minister for Turkish-held Cyprus, Mr Nazif Borman, said on Thursday evening that the Turkish Cypriot administration and Central Bank would intervene immediately to halt any transfer abroad of assets from Polly Peck subsidiaries on the island.

However, one well-placed Turkish Cypriot said that he did not believe the Turkish Cypriot authorities would be able to block transfer abroad if ownership of the assets was *clearly established*.

The Turkish Cypriot Credit Bank, one of the three banks holding Polly Peck assets on the island, said that it was planning to issue a formal statement in newspaper advertisements about its dealing with Polly Peck, but gave no further details of what this would be.

Commenting on Mr Borman's statement, Mr Jordan said: "It's a pity to take a position before we have been able to have a discussion about what we are trying to achieve here."

The Coopers administrators are seeking a meeting with the Turkish Cypriot leaders sometime next week to discuss the situation.

Mr Christopher Morris of Touche Ross, the third administrator, spent the morning being briefed by lawyers about *possible legal action* against the company's directors.

He would not be looking only at Mr Asil Nadir's actions, he said, adding: "The administrators' duty is to look at the role of all the directors."

Administrators are required to report to the Department of Trade & Industry on the conduct of all directors involved in insolvent companies, and can take legal action if the directors have acted irresponsibly or dishonestly.

Mr Jordan said that meetings would be held with shareholders and bank creditors to form a steering committee to work alongside the administrators.

Shareholders said that it was too early to say whether they would support a rights issue – *a route Mr Jordan* had said might be used – but added that they would take any approach seriously, if the administrators were able to build up a complete picture of the group's finances.

# Severn Trent loses appeal over Caird bid

**By Richard Gourlay**

SEVERN TRENT, the privatised water company, yesterday lost its appeal to the Takeover Panel to be allowed to relaunch its bid for Caird, the waste management company, at a lower price.

This follows its decision earlier this week to lapse its earlier bid.

The Panel's decision leaves the Midlands-based water company holding a 29.9 per cent stake in Caird. It is believed to have acquired the stake at an average price of 95p, while the Caird share price closed yesterday at 46p.

Severn Trent's original 100p cash offer in September for the ordinary shares was made conditional on Caird reconfirming its forecast that net trading profits for the 18 months to December 1990 would be about £8.5m.

Caird's defence document published last week failed to confirm this figure and Severn Trent applied to be allowed to launch a new bid at a lower price without waiting the 12 months stipulated under the Takeover Panel's Rule 35.

In its ruling the Panel said that "a material change in the perceived financial state of the target company, however this may have come about and whether or not this should have been disclosed earlier," did not provide grounds for dispensation from provisions of *Rule 35*.

The choice of the timing, price and conditions of the offer had all been determined by Severn Trent and was made at a time when it was not known precisely what was meant by "net trading profit", the ruling said.

Samuel Montagu, Severn Trent's adviser on the appeal, accepted the panel's decision but said that the company thought there had been exceptional circumstances that justified the appeal.

The Panel has never made *an exception to Rule 35*.

Caird welcomed the Panel's decision through its public relations advisers and said that the group has reconfirmed the level of current trading and that it has strengthened its management.

# Davies & Newman loss higher

**By Paul Abrahams**

DAVIES & NEWMAN announced a pre-tax loss for the first six months to the end of June of £18.7m compared with a loss of £7.66m for the same period last year.

The results demonstrate the full extent of the difficulties facing Dan Air, its troubled airline subsidiary.

*Under the complicated* refinancing package agreed with the company's bankers earlier this month, the loss attributable to the shareholders was £12.06m. The board decided not to pay an interim dividend (4.5p in 1989). Davies & Newman's share price fell 35p to close at 115p.

*The half-year results* included an operating loss of £2.16m compared with an operating profit of £8.69m last year. Mr Frederick Newman, group chairman, said the margins on the airline's charter operations had been adversely affected by escalating costs and over-supply of aircraft at a time when fewer people were taking package holidays.

Mr Newman said the summer-build up of passengers had been slower than usual, but that numbers had picked up during the second half of the year. *Passengers on scheduled* operations increased by 13 per cent compared with the same period last year.

The results included net interest payable of £4.82m compared with £3.89m last year, and £1.03m from the disposal of aircraft (£535,000). Davies & Newman's other companies, *which include travel agents* and ship brokers, registered a loss of £422,000 compared with a profit of £214,000 last year.

The company's turnover increased from £163.86m last *year to £171.25m*. Losses per share deteriorated from 70.6p to 171.8p. Mr Newman said that a detailed review of operations initiated in June envisaged a reduction in the number of charter aircraft, the sale of *some assets*, including the engineering division at Gatwick, and the transfer of *Dan Air's head office from* Southwark to Horley.

Mr Newman is retiring as chairman of Davies & Newman on November 1 and will be replaced by Mr David James who is already chairman of Eagle Trust.

Mr James said at the press conference announcing theap*pointment that his options as* chairman would be varied and included holding, associating with *other* groups or divesting. Mr James added that the vast majority of the 4,200 employees would be maintained.

# NSM welcomes placing of 21% stake

**By Richard Gourlay**

NSM, the mining and materials group, has welcomed the placement this week of the 20.62 per cent stake held by Anglo United, the fuel distributor and mining group, which had overhung the market and helped *bring the share price near historical lows.*

Anglo's stake emerged from its 1988 swap of assets with *Burnett and Hallamshire*, as NSM was then known, as part of a restructuring of the min*ing group's finances and man*agement.

While Anglo had no intention of increasing that stake, the threat that its holding might pass into the hands of a hostile predator has depressed the share price.

Smith New Court bought Anglo's block of shares on Monday while *Charterhouse* Tilney acted as joint distribution *agents* placing the shares with a *wide range of* institutional investors.

Analysts expect NSM will report interim pre-tax profits next month slightly down at about £10m.

NSM, which is planning on expanding its waste disposal division, benefited last year from general enthusiasm for the sector but concern over difficulty in gaining licenses has removed some of the gloss.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Brit & Amer Film ......int | 3 | Nov 29 | 2.65 | - | 8.3 |
| Clayton Son & Co.....int | 2.5 | Jan 8 | 2.2 | - | 11.5 |
| Craig & Rose ..........int | 2 | - | 2 | - | 13.75 |
| Davies & Newman ..int | nil | - | 4.5 | - | 8 |
| Delyn Packaging ......int | 0.45 | Nov 30 | 0.45 | - | 1.45 |
| Fleming Uni IT .........int | 0.6 | Dec 14 | 0.6 | - | 2.8 |
| Govett Strat IT .........fin | 4 | Jan 2 | 4 | 6.5 | 5.5 |
| GR (Holdings) ..........fin | 1.75 | Dec 18 | 1.75 | 2.15 | 32.15 |
| Majedie Invest ..........fin | 6 | Jan 8 | 5.5 | 8.5 | 7.5 |
| *New Frontiers* ..........*fin* | 1‡‡ | Jan 8 | 0.8 | 1 | 0.8 |
| Usborne ....................int | 0.5 | Dec 28 | 0.5 | - | 1.5 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡‡Includes special 0.75p payment.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price | + or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| – | F.P. | – | 131 | 90 | ABI Leisure 10p | 96 | –1 | R4.7 | 3.3 | 6.5 | 6.3 |
| 155 | F.P. | – | 160 | 155 | ‡Brabant Resources £1 | 155 | –5 | – | – | – | – |
| 180 | F.P. | – | 198 | 170 | Faber Prest | 175 | | 9.1 | 3.7 | 6.9 | 5.2 |
| ‡ | F.P. | – | 4½ | 3 | Finlan Group 1p | 3½ | | – | – | – | – |
| † | F.P. | – | 75 | 43 | Golden Vale Ir1p | 46 | | u0158% | 5.1 | 3.2 | 8.4 |
| – | F.P. | – | 24 | 18 | JF Fledgeling Jap. Wts | 18 | –1 | – | – | – | – |
| 100 | F.P. | – | 98 | 75 | Jupiter Euro Inv Trust | 75 | | – | – | – | – |
| – | F.P. | – | 38 | 21 | Do. Warrants | 23 | | – | – | – | – |
| – | F.P. | – | 22 | 20 | ‡MMI 1p | 22 | | †1.0 | 2.4 | 6.1 | 8.5 |
| † | F.P. | – | 17 | 9½ | ‡Paramount 2½p | 9½ | | – | – | – | – |
| † | F.P. | – | 53 | 38 | ‡Pelican 20p | 38 | | – | – | – | – |
| 100 | F.P. | – | 90 | 83 | River & Merc Smaller Co | 88 | | K3.75 | – | 5.7 | – |
| – | F.P. | – | 26 | 18 | Do. Warrants | 23 | | – | – | – | – |
| §100 | F.P. | – | 102 | 88 | Siam Select. Growth Tst | 89 | | – | – | – | – |
| – | F.P. | – | 38 | 28 | Do. Warrants | 29 | | – | – | – | – |
| §100 | F.P. | – | 96 | 91 | Smaller Cos. Inv. Tst50p | 91 | –2 | – | – | – | – |
| – | F.P. | – | 23 | 21 | Do. Warrants | 21 | | – | – | – | – |
| 225 | F.P. | – | 265 | 208 | ‡Standard Platform 10p | 213 | | – | – | – | – |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 100 | F.P. | - | 101 | 68 | ‡Bluebird Toys 12pc Cv. Uns. Ln. 2005 | 68 | -2 |
| 100p | F.P. | 28/9 | 102p | 93p | Perkins Foods 8p (Net) Cv Rd Pf | 93p | |
| 100p | F.P. | - | 121p | 106p | Reckitt & Colman 9.5pc Cv Bds 2005 | 114p | -½ |
| 100 | F.P. | - | 110½ | 101½ | Tesco Capital 9pc Cnv. Cap. Bd. 2005 | 107½ | -½ |
| 100p | F.P. | - | 105p | 45p | Wyndham Group 9.375pc Cm.Pf | 50p | |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 77 | Nil | – | 13pm | 8½pm | Bryant Group | 9½pm | -3 |
| 140 | Nil | – | 5pm | 3pm | MTM 5p | 3pm | +½ |
| 220 | 58 | 23/7 | 90 | 33 | Ratners | 39 | -8 |
| 180 | Nil | – | 27pm | 20pm | Sinclair (Wm) Hldgs | 27pm | |
| 5 | Nil | – | 8pm | 5pm | Sycamore Hldgs 5p | 6pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ◊ Issued in connection with reorganisation, merger or takeover.

## TRADITIONAL OPTIONS

- First Dealings Oct. 15
- Last Dealings Oct. 26
- Last Declarations Jan. 24
- For settlement Feb. 4

*For rate indications see end of London Share Service*

Calls in ADT, Brent Walker, Conroy Pet., Maxwell Comms., Racal Elects., *STC and Trafalgar House*. Puts in ADT and Brent Walker. Puts and calls in ADT and Brent Walker.

# Interest costs curb pre-tax rise at Delyn

Taxable profits at Delyn Packaging, the *Caerphilly-based manufacturer* of consumer packaging, rose from £305,000 in the 26 weeks to July 30 1989 to £315,000 in the 26 weeks to August 5 this year.

However, the increase in turnover was steeper – from £5.09m to £6.5m – thanks to the French operation, acquired in June 1989 but yet to contribute to group profit.

Operating profits advanced 24 *per cent to* £644,000, but increased interest payable of £329,000 (£215,000) knocked back the pre-tax figure. Earnings were unchanged at 2.42p and the interim dividend is maintained at 0.45p.

# Pig and feed side checks fall at Usborne

USBORNE, the agriculture, property and motor products group, saw pre-tax profits decline from £1.26m to £739,000 in the six months to June 30.

The 41 per cent decline would have been worse if it had not been for a turnround by the pig and feed production division which showed profits of £638,000, against losses last time of £90,000.

Group sales increased to £87.88m (£63.53m). Losses on the property division increased to £496,000 (£350,000), grain merchanting slipped to £526,000 (£761,000), while agri*cultural services* lost £9,000 (£19,000 profit).

There was also an exceptional profit of £46,000 (£896,000) on the disposal of two partnerships.

The board said all major companies maintained profitability, with the exception of Robert Adams & Co and Usborne Developments, which were expected to perform well in the second half.

*Earnings* declined to 0.76p (1.31p) per share, but the interim dividend is maintained at 0.5p.

# Majedie Investments income up at £4.3m

Majedie Investments net asset value per share eased from 343p to 281p at September 30. Investment income increased from £3.77m to £4.28m for the year.

Earnings per share worked through at 9.36p (8.02p) and a final 6p dividend is proposed making a total of 8.5p (7.5p) for the year.

# Stormy Holmes AGM looms

**By Andrew Hill**

THE MANAGING director of Holmes Protection Group's largest shareholder may join the board of the New York security company.

Mr Robert Mansfield of Wormald International, which owns nearly 15 per cent of Holmes, is one of five people named in a circular to shareholders as nominees for elec*tion to the board at what could* be a stormy annual meeting next Wednesday.

Wormald, an Australian fire protection company, used to be at loggerheads with the Holmes management, but now seems prepared to hold onto its stake in the hope of a recovery.

Mr Tom Mayer, Holmes' new chairman, said yesterday that the board believed six directors were adequate for a company of its size, but it may also face calls from shareholders who wish to elect other directors.

Nominees not identified in the circular include Mr Eric Kohn, a non-executive director who comes up for re-election at the annual meeting. There is still some friction between Mr Kohn, who has advised Wormald in the past, and Holmes' executive directors, Mr David James and Mr John Flack.

Two other investors hoping to join the Holmes Protection board of Holmes Protection Group plan to lobby fellow shareholders at next week's annual meeting. Mr Ken McFiggans and Mr John Watt also hope to reveal details of advanced security technology which they believe could benefit the group.

They claim to own the exclusive rights to the technology, currently used in military, medical and scientific applications, but Mr McFiggans said yesterday: "We would like to make sure that we have some control over the technologies if we divulge them to Holmes."

Holmes, which is quoted in London but has all its operations in the US, has yet to emerge fully from the shadow of the last two years' poor trading and boardroom upheaval.

# Richmond Oil dispute set to hit shares underwriter

**By Andrew Jack**

A DISPUTE over Richmond Oil and Gas's £31m share placing which closed on October 19 could cost County NatWest, the underwriters, at least several hundred thousand pounds, a senior official of the mer*chant bank disclosed* yesterday.

Legal action may also be taken because of the failure of an individual to pay for 17 per cent of the 26m shares on offer. The person told County NatWest eight days ago that he had not been committed to buy any shares.

"This is a dispute involving very large sums of money," said Mr Peter St George, managing director at County NatWest. "Obviously things have got to be followed up."

Gilbert Eliott, brokers to the placing, previously informed County NatWest that the individual, who claimed to represent six companies, had agreed to buy 4.5m shares and then said they might not be able to raise the funds.

*Trading was suspended for* two days on Monday at 120p, against an offer price of 125p. *The shares have since slumped* to 101p.

County NatWest has agreed to lend £2.8m to the directors of Richmond, the USM-quoted US oil and gas exploration company, to buy some of the shortfall shares. Gilbert Eliott may also lend them funds.

In view of the controversy, *County NatWest decided to ask* all investors to reconfirm their purchases. Only 73 per cent did so, leaving the bank with 5.5m shares for an issue which was originally fully subscribed.

The bank is also seeking confirmation of the purchase of 1.1m clawback shares, which it might also have to take up.

# Berisford makes £5.8m disposal

Berisford International, the troubled property and commodities group, has completed another small part of its disposal programme with the sale of its leasing subsidiary to Irish Intercontinental Bank for £5.8m. *The consideration is* £900,000 less than net assets, writes Clare Pearson.

*The disposal is* minor compared to Berisford group, where the prime asset is British Sugar, but it will go to some way to reduce the company's debt of about £1.2bn.

Under the agreement to buy Berisford Leasing, IIB is to assume responsibility for a loan book worth about £140m, £111m of which has been block-discounted by a number of banks.

*However, Berisford has pro*vided the leasing division with a £10m interest-bearing loan, repayable after two years depending on whether losses in that period exceed those provided for on completion.

# A successful high-street dealer in the drugs world

**Clare Pearson** charts the progress of UniChem whose upcoming flotation has unusual features

THE STOCK market debut of UniChem, the pharmaceutical wholesaler, is scheduled for November 15. The culmination of the company's conversion from co-operative status, it will be one of the most unusual flotations so far this year.

This is because the 4,400 independent pharmacists who currently hold shares in the company are its customers as well as its shareholders.

In structuring the issue, UniChem has sought to reconcile two aims: it wants to retain the pharmacists as shareholders so that they have a stake in its future; at the same time, it *wants them to sell shares into* the market so that it can attract a following among institutional investors.

UniChem began to prepare for conversion from its previous status as a national and provident society three years ago. This was in response to government legislation which dictated that new pharmacies could not be opened except in certain very restricted circumstances.

As a co-operative it could deal only with independent pharmacists. So it foresaw the supply of new customers drying up while existing independents were being absorbed by the multiple chains.

Conversion then became a virtual necessity. But UniChem managed *to use it as a way to* boost its business via the launch of a controversial scheme. As an inducement for members to vote for conversion, they were invited to apply for shares in proportion to the purchases they made through UniChem.

The scheme was eventually *banned by the Monopolies and* Mergers Commission, but only after it had boosted UniChem's membership and market share.

According to UBS Phillips & Drew, UniChem's sponsor, the company should be worth about £130m on flotation, when it will raise about £25m through a rights issue priced at a deep discount.

If the expected market value is achieved, the pharmacists will be looking at big gains on their original investments in the company. All members hold shares acquired at £1 each, equivalent to 10p after a split made on conversion. This should be transformed on flotation into a value of about 165p.

So a pharmacist with an average holding of 15,000 *shares will have seen them* transformed into an investment worth £25,000.

Mr Jeffrey Harris, finance director, says that recent indications from pharmacists are that they will hold on to the bulk of their core holdings after flotation. However, the company was not always so *confident this would be so.*

This was why it incorporated into its conversion document *provisions for a loyalty bonus* issue for members still on the share register two years after flotation. "We wouldn't have done this if we had had the signals we have been receiving recently," Mr Harris admits.

"At the same time, we would see it as a bit of a disaster if members took up their full entitlements under the rights issue," says Mr Peter Dodd, chief executive.

One way of ensuring outside investors came on board would, of course, have been to accompany the introduction with a placing or an offer for sale. But this was ruled out on *the grounds that it would have* been unacceptable to pharmacists if they were diluted immediately.

Clearly, whatever UniChem's management hopes, pharmacists are bound, over time, to sell their shares. This might appear to cast a question-mark over whether UniChem will be able *to maintain its recent* growth rate in the future.

During 1988, for instance, UniChem achieved an increase in turnover of 31 per cent. Analysts at Phillips & Drew estimate that about half the increase was due to the controversial share scheme.

The company says, however, *that it has lost hardly any* customers since conversion took place on July 1. And even if *some do drift away*, that will be more than made up for the growth prospects opened by conversion to plc status, it argues.

UniChem currently commands about 24 per cent of the UK pharmaceutical wholesaling market – worth about £3.4bn and comprising ethical drugs, over-the-counter products and various consumer goods.

The only other full-line wholesaler with a similar market share to UniChem's is AAH, a diversified distribution company. There had once been another substantial competitor, Macarthy, but it proved a major loser from UniChem's share scheme. Indeed at one stage it attempted to scupper the scheme by mounting a hostile bid for the company.

Medicopharma, the Dutch pharmaceutical wholesaler and generic drug manufacturer, recently bought Macarthy's wholesaling division after its market share had slumped to about 5 per cent.

But despite its already significant position, UniChem says it still has scope to grow. For instance, it makes few sales to dispensing doctors

A major advantage of converting from co-operative status is that it will now be able to sell to the major pharmacy chains. The company is extremely proud of the fact that already it has won two such customers: the Kingswood, the chemists group, and the pharmacy arm of the Safeway supermarket chain.

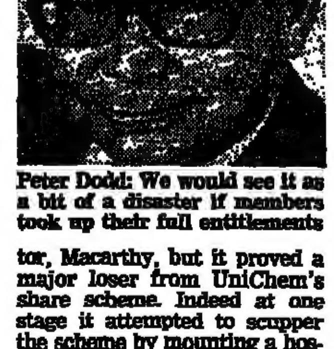
It also plans to diversify into pharmacy franchising, a means of guaranteeing wholesale turnover and increasing opportunities to promote its own-label products.

The rights issue will leave UniChem with no borrowings and money in the bank, so it may have scope to branch out into other areas as well. The company also sees scope for *expansion into Europe via joint* ventures or acquisitions. "The prognosis is good," declares Mr Dodd – and analysts who have looked at the company appear to agree.

Nevertheless, it is *going to* an uphill struggle to look closely at the company until pharmacists start releasing their shares.

**FINANCIAL RECORD-year to Dec 31(£m)**

| | 1986 | 1987 | 1988 | 1989 | First half 1990 |
|---|---|---|---|---|---|
| Turnover | 492.6 | 544.6 | 711.1 | 783.1 | 422.0 |
| Pre-tax profits | 6.12 | 7.39 | 11.37 | 14.46 | 7.2 |



Peter Dodd: We would see it as a bit of a disaster if members took up their full entitlements

## ECONOMIC DIARY

**TODAY:** Special European Community summit of heads of state and government in Rome: agenda includes defence aspects of EC foreign policy, aid to Soviet Union and EC commission's report on economic and monetary union (until October 28).

**TOMORROW:** Mr Mikhail Gorbachev, Soviet president, arrives in Paris for two-day visit. British summer time ends at 0200 - clocks go back one hour. The six-nation Gulf Co-operation Council (GCC) will hold an emergency ministerial meeting in Riyadh to discuss the Gulf crisis.

**MONDAY:** London sterling certificates of deposit (September). Bill turnover statistics (September). Sterling commercial paper (September). Monetary statistics (including bank and building society balance sheets) (September). Provisional analyses of bank lending for house purchase (third quarter). Heads of state, prime ministers and senior officials from more than 100 countries meet for Second World Climate Conference (until November 7). EC environment and energy councils joint meeting on combating global warming, Luxembourg. IATA annual meeting in Geneva. Chartered Institute of Transport conference on road and public transport, London.

**TUESDAY:** CBI industrial trends survey (October). New vehicle registrations (September). US GNP (third quarter-preliminary); single family home sales (September). EC transport council meets, Luxembourg. Senior officials of the Group of 24 developed countries meet in Brussels to discuss aid programme to eastern Europe. UK Lighting Industry Federation conference, Brussels, on the need for EEC legislation for the safe evacuation of premises in an emergency.

**WEDNESDAY:** Overseas travel and tourism (August). US factory orders (September); personal income (September). IEA meeting in Paris.

**THURSDAY:** Neutral and non-aligned states' foreign ministers meeting in Helsinki (until November 2).

**FRIDAY:** UK official reserves (October). Housing starts and completions (September).

## FT-ACTUARIES SHARE INDICES

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| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Fri Oct 26 1990 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1990 to date | Thu Oct 25 Index No. | Wed Oct 24 Index No. | Tue Oct 23 Index No. | Year ago (approx) Index No. | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (196) | 696.40 | -1.4 | 15.92 | 6.84 | 7.68 | 31.87 | 706.18 | 714.59 | 718.62 | 836.09 | 960.80 4/1 | 658.43 24/9 | 1038.07 16/7/87 | 50.71 13/12/74 |
| 2 | Building Materials (26) | 933.82 | -2.2 | 15.72 | 6.54 | 7.83 | 40.76 | 954.69 | 975.06 | 974.85 | 972.11 | 1188.21 3/1 | 812.99 20/9 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 | Contracting, Construction (35) | 1121.95 | -2.1 | 17.79 | 7.12 | 7.28 | 58.05 | 1145.45 | 1156.60 | 1164.15 | 1306.13 | 1621.44 4/1 | 993.11 24/9 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 | Electricals (10) | 1884.26 | +0.2 | 14.92 | 7.14 | 8.20 | 84.91 | 1880.00 | 1881.24 | 1876.78 | 2415.40 | 2751.15 4/1 | 1805.83 24/9 | 3040.80 8/9/89 | 84.71 25/6/62 |
| 5 | Electronics (26) | 1564.11 | -0.6 | 10.75 | 5.48 | 12.72 | 58.17 | 1574.12 | 1582.94 | 1589.05 | 1872.36 | 2044.72 9/1 | 1486.79 24/9 | 2308.22 19/5/89 | 1229.01 8/10/85 |
| 6 | Engineering-Aerospace (8) | 410.71 | -1.9 | 16.48 | 5.93 | 7.29 | 15.45 | 418.61 | 417.65 | 419.76 | 0.00 | 502.42 13/6 | 399.79 24/9 | 502.42 13/6/90 | 399.79 24/9/90 |
| 7 | Engineering-General (47) | 356.03 | -1.3 | 16.83 | 7.29 | 7.15 | 17.38 | 360.66 | 359.70 | 357.90 | 0.00 | 505.10 15/6 | 356.03 26/10 | 505.10 15/6/90 | 356.03 26/10/90 |
| 8 | Metals and Metal Forming (8) | 398.67 | -0.2 | 28.58 | 8.38 | 4.26 | 17.02 | 399.59 | 399.58 | 407.40 | 439.27 | 515.57 4/1 | 384.09 24/9 | 596.67 9/10/87 | 49.66 6/1/75 |
| 9 | Motors (13) | 268.79 | -2.8 | 18.84 | 8.95 | 6.18 | 14.53 | 276.46 | 279.24 | 278.79 | 341.78 | 403.90 4/1 | 260.41 24/9 | 411.42 13/10/87 | 19.91 6/1/75 |
| 10 | Other Industrial Materials (23) | 1147.45 | -1.1 | 14.68 | 7.11 | 7.87 | 60.27 | 1160.51 | 1190.54 | 1209.65 | 1547.81 | 1774.64 3/1 | 1105.20 20/9 | 1881.53 18/8/89 | 277.55 15/1/81 |
| 21 | CONSUMER GROUP (176) | 1186.36 | -0.9 | 10.27 | 4.30 | 12.05 | 31.51 | 1197.35 | 1213.45 | 1220.75 | 1187.71 | 1357.03 3/1 | 1121.42 24/9 | 1417.92 4/9/89 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (22) | 1477.83 | -2.1 | 10.58 | 4.00 | 11.45 | 33.61 | 1510.07 | 1528.17 | 1526.94 | 1350.53 | 1650.55 20/7 | 1369.31 6/3 | 1650.55 20/7/90 | 69.47 13/12/74 |
| 25 | Food Manufacturing (18) | 1006.29 | -0.8 | 11.53 | 4.85 | 10.68 | 28.13 | 1014.79 | 1017.45 | 1020.25 | 1058.18 | 1184.41 3/1 | 959.38 24/9 | 1220.42 4/9/89 | 59.67 11/12/74 |
| 26 | Food Retailing (16) | 2263.72 | -0.8 | 9.23 | 3.23 | 14.13 | 52.68 | 2283.05 | 2375.93 | 2374.89 | 2248.38 | 2617.14 27/7 | 2188.04 30/4 | 2722.30 5/9/89 | 54.25 11/12/74 |
| 27 | Health and Household (16) | 2438.50 | ..... | 7.25 | 3.05 | 16.30 | 50.32 | 2439.46 | 2469.47 | 2505.24 | 2322.53 | 2795.49 4/1 | 2166.10 24/8 | 2795.49 4/1/90 | 175.38 28/5/80 |
| 29 | Leisure (32) | 1190.54 | -1.0 | 12.58 | 5.45 | 9.62 | 44.58 | 1202.38 | 1209.81 | 1212.07 | 1461.03 | 1717.22 9/1 | 1117.43 24/9 | 1845.77 8/9/89 | 54.83 9/1/75 |
| 31 | Packaging & Paper (12) | 478.04 | -1.3 | 13.47 | 7.28 | 9.12 | 22.95 | 484.19 | 486.97 | 487.32 | 522.40 | 625.01 17/7 | 470.91 28/9 | 739.48 16/7/87 | 43.46 6/1/75 |
| 32 | Publishing & Printing (14) | 2875.28 | -1.2 | 12.48 | 6.52 | 10.03 | 126.51 | 2911.23 | 2935.13 | 2912.73 | 3392.92 | 3853.61 4/1 | 2764.16 28/9 | 5070.66 5/10/87 | 55.08 6/1/75 |
| 34 | Stores (34) | 787.79 | -0.6 | 11.18 | 4.68 | 11.64 | 19.51 | 792.49 | 803.43 | 817.30 | 731.75 | 866.32 13/6 | 690.43 27/4 | 1160.58 29/7/87 | 52.63 6/1/75 |
| 35 | Textiles (12) | 416.56 | -1.2 | 14.33 | 8.52 | 8.85 | 20.45 | 421.56 | 424.10 | 427.38 | 500.44 | 554.37 4/1 | 388.59 24/9 | 914.52 2/10/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (107) | 953.02 | -1.5 | 12.98 | 6.16 | 9.38 | 32.16 | 967.85 | 976.93 | 986.28 | 1059.05 | 1233.52 3/1 | 932.53 24/9 | 1233.52 3/1/90 | 58.63 6/1/75 |
| 41 | Agencies (15) | 990.68 | -1.0 | 10.76 | 3.36 | 11.25 | 22.25 | 1001.01 | 1019.75 | 1033.88 | 1467.03 | 1757.73 15/6 | 990.68 26/10 | 1795.57 17/7/87 | 870.35 4/12/87 |
| 42 | Chemicals (24) | 983.67 | -1.3 | 13.42 | 6.76 | 8.80 | 46.81 | 996.84 | 1008.44 | 1021.37 | 1144.93 | 1335.87 14/6 | 940.57 24/9 | 1545.46 5/10/87 | 71.20 1/12/74 |
| 43 | Conglomerates (15) | 1258.21 | -3.1 | 13.49 | 7.96 | 8.93 | 38.53 | 1298.15 | 1327.99 | 1345.61 | 1479.22 | 1722.31 14/6 | 1234.77 28/9 | 1819.46 11/8/89 | 975.19 10/11/87 |
| 44 | Transport (14) | 1845.55 | -1.6 | 13.16 | 5.68 | 9.62 | 67.29 | 1875.89 | 1900.65 | 1909.05 | 2057.81 | 2458.00 4/1 | 1740.24 28/9 | 2554.69 12/7/89 | 90.80 29/6/62 |
| 46 | Telephone Networks (3) | 1052.78 | -0.7 | 12.43 | 5.19 | 10.47 | 26.09 | 1060.68 | 1063.42 | 1067.87 | 1032.52 | 1290.72 3/1 | 1017.41 26/9 | 1290.72 3/1/90 | 517.92 30/11/84 |
| 47 | Water (10) | 1971.98 | +0.4 | 14.89 | 6.87 | 7.60 | 68.12 | 1963.61 | 1981.76 | 1971.30 | 0.00 | 2079.08 16/2 | 1820.20 1/5 | 2079.08 16/2/90 | 1820.20 1/5/90 |
| 48 | Miscellaneous (26) | 1488.89 | -2.3 | 12.59 | 6.05 | 9.23 | 61.84 | 1524.41 | 1519.30 | 1549.99 | 1744.36 | 1981.35 3/1 | 1445.37 24/9 | 2087.06 11/7/89 | 60.39 6/7/75 |
| 49 | INDUSTRIAL GROUP (479) | 994.94 | -1.2 | 12.33 | 5.42 | 9.95 | 32.81 | 1007.11 | 1019.06 | 1026.21 | 1073.72 | 1234.94 3/1 | 950.55 24/9 | 1273.71 5/9/89 | 59.01 13/12/74 |
| 51 | Oil & Gas (21) | 2305.65 | -0.3 | 9.71 | 5.42 | 13.45 | 85.44 | 2313.48 | 2322.53 | 2324.12 | 2066.24 | 2528.70 3/8 | 2111.34 30/4 | 2528.70 3/8/90 | 87.23 29/5/62 |
| 59 | 500 SHARE INDEX (500) | 1102.12 | -1.1 | 11.91 | 5.42 | 10.37 | 37.07 | 1114.06 | 1125.89 | 1132.69 | 1157.08 | 1338.65 3/1 | 1068.52 28/9 | 1369.88 16/7/87 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (103) | 674.29 | -1.8 | – | 7.05 | – | 32.89 | 686.65 | 691.37 | 696.00 | 722.08 | 869.67 3/1 | 621.68 24/9 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 | Banks (9) | 710.25 | -2.7 | 23.04 | 8.11 | 5.68 | 42.00 | 730.22 | 739.65 | 748.78 | 703.99 | 918.30 2/2 | 650.43 24/9 | 918.30 2/2/90 | 62.44 12/12/74 |
| 65 | Insurance (Life) (7) | 1267.47 | -1.1 | – | 6.06 | – | 55.82 | 1281.63 | 1294.93 | 1295.56 | 1203.18 | 1519.19 29/6 | 1220.17 1/5 | 1519.19 29/6/90 | 44.88 2/1/75 |
| 66 | Insurance (Composite) (6) | 577.29 | -1.1 | – | 7.35 | – | 32.08 | 583.67 | 586.99 | 589.57 | 632.64 | 763.09 2/1 | 526.46 24/9 | 768.11 29/12/89 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (8) | 857.60 | -0.5 | 8.76 | 7.49 | 14.95 | 41.94 | 862.19 | 846.47 | 844.83 | 1025.99 | 1194.74 4/1 | 757.70 24/9 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 | Merchant Banks (7) | 348.63 | +0.2 | – | 5.87 | – | 12.75 | 347.88 | 346.33 | 347.50 | 382.33 | 502.02 8/2 | 319.38 24/9 | 547.59 12/10/87 | 31.21 7/1/75 |
| 69 | Property (45) | 920.09 | -2.0 | 8.00 | 5.30 | 16.49 | 25.45 | 938.85 | 940.52 | 945.03 | 1129.25 | 1242.53 4/1 | 834.72 24/9 | 1398.87 5/9/89 | 56.01 20/4/65 |
| 70 | Other Financial (21) | 243.33 | -0.5 | 11.68 | 7.18 | 11.00 | 11.83 | 244.57 | 244.54 | 245.12 | 310.31 | 350.59 4/1 | 233.78 1/10 | 603.48 16/7/87 | 33.29 17/12/74 |
| 71 | Investment Trusts (66) | 1004.02 | -1.2 | – | 3.96 | – | 25.91 | 1016.36 | 1012.82 | 1014.63 | 1157.35 | 1323.81 4/1 | 954.21 28/9 | 1323.81 4/1/90 | 71.12 13/12/74 |
| 91 | Overseas Traders (5) | 1111.05 | -1.8 | 12.88 | 8.32 | 9.25 | 69.98 | 1131.00 | 1149.34 | 1168.95 | 1292.79 | 1614.04 3/1 | 1079.53 24/9 | 1614.04 3/1/90 | 97.37 6/1/75 |
| 99 | ALL-SHARE INDEX (674) | 997.77 | -1.2 | – | 5.63 | – | 35.66 | 1009.72 | 1019.54 | 1025.74 | 1052.55 | 1226.83 3/1 | 962.09 24/9 | 1238.57 16/7/87 | 61.92 13/12/74 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Oct 25 | Oct 24 | Oct 23 | Oct 22 | Oct 19 | Year ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2063.1 | -25.6 | 2079.8 | 2057.0 | 2088.7 | 2110.5 | 2127.0 | 2102.0 | 2089.0 | 2082.1 | 2463.7 3/1 | 1990.2 28/9 | 2463.7 3/1/90 | 986.9 23/7/84 |

### FIXED INTEREST

| | PRICE INDICES | Fri Oct 26 | Day's change % | Thu Oct 25 | xd adj. today | xd adj. 1990 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years | 118.16 | +0.09 | 118.05 | – | 10.24 |
| 2 | 5-15 years | 122.42 | -0.03 | 122.47 | – | 11.95 |
| 3 | Over 15 years | 124.09 | -0.05 | 124.15 | – | 9.84 |
| 4 | Irredeemables | 138.41 | +0.09 | 138.29 | – | 13.46 |
| 5 | All stocks | 122.98 | +0.01 | 122.97 | – | 11.31 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years | 154.85 | +0.13 | 154.65 | – | 3.04 |
| 7 | Over 5 years | 138.48 | -0.05 | 138.56 | – | 3.45 |
| 8 | All stocks | 139.60 | -0.04 | 139.66 | – | 3.42 |
| 9 | Debentures & Loans | 102.04 | +0.03 | 102.00 | – | 9.29 |
| 10 | Preference | 73.14 | +0.03 | 73.12 | – | 5.40 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Oct 26 | Thu Oct 25 | Year ago (approx.) | 1990 High | 1990 Low |
|---|---|---|---|---|---|---|---|
| | **British Government** | | | | | | |
| 1 | Low | 5 years | 10.56 | 10.54 | 9.94 | 12.36 2/5 | 10.16 2/1 |
| 2 | Coupons | 15 years | 10.84 | 10.81 | 9.65 | 11.94 30/4 | 9.58 2/1 |
| 3 | | 25 years | 10.85 | 10.82 | 9.56 | 11.85 30/4 | 9.52 2/1 |
| 4 | Medium | 5 years | 11.54 | 11.52 | 11.06 | 13.58 2/5 | 11.03 2/1 |
| 5 | Coupons | 15 years | 11.28 | 11.26 | 10.03 | 12.45 27/4 | 9.97 2/1 |
| 6 | | 25 years | 11.12 | 11.11 | 9.68 | 11.98 27/4 | 9.65 2/1 |
| 7 | High | 5 years | 11.63 | 11.62 | 11.17 | 13.67 2/5 | 11.17 2/1 |
| 8 | Coupons | 15 years | 11.51 | 11.49 | 10.24 | 12.76 27/4 | 10.17 2/1 |
| 9 | | 25 years | 11.41 | 11.39 | 9.83 | 12.27 27/4 | 9.78 2/1 |
| 10 | Irredeemables† | | 10.98 | 10.98 | 9.61 | 11.83 30/4 | 9.66 4/1 |
| | **Index-Linked** | | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 4.16 | 4.19 | 3.75 | 5.48 20/7 | 3.46 5/10 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.39 | 4.38 | 3.65 | 4.43 17/10 | 3.60 4/1 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 2.92 | 2.93 | 2.90 | 4.37 9/7 | 2.32 5/10 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.20 | 4.19 | 3.47 | 4.23 17/10 | 3.43 4/1 |
| 15 | Debs & | 5 years | 13.19 | 13.19 | 13.64 | 16.70 30/4 | 13.01 15/1 |
| 16 | Loans | 15 years | 12.77 | 12.77 | 12.35 | 14.48 26/4 | 12.27 12/1 |
| 17 | | 25 years | 12.46 | 12.46 | 11.77 | 13.89 4/5 | 11.99 2/1 |
| 18 | Preference† | | 12.99 | 12.99 | 10.65 | 13.13 5/10 | 10.87 2/1 |

♦Opening index 2079.8; 9 am 2078.9; 10 am 2075.2; 11 am 2072.6; Noon 2067.8; 1 pm 2064.6; 2 pm 2057.5; 2.30 pm 2059.4; 3 pm 2060.5; 4.10 pm 2062.1; (a) 8.30am (b) 1.57pm

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Engineering - Aerospace | 29/12/89 | 486.00 | Other Industrial Materials | 31/12/80 | 287.41 | Food Retailing | 29/12/67 | 114.13 |
| Engineering - General | 29/12/89 | 486.00 | Health/Household Products | 30/12/77 | 261.77 | Insurance Brokers | 29/12/67 | 96.67 |
| Water | 29/12/89 | 1968.45 | Other Groups | 31/12/74 | 63.75 | All Other | 10/4/62 | 100.00 |
| Agencies | 31/12/86 | 1114.07 | Overseas Traders | 31/12/74 | 100.00 | British Government | 31/12/75 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Industrial Group | 31/12/70 | 128.20 | Do. Index-linked | 30/4/82 | 100.00 |
| Telephone Networks | 30/11/84 | 517.92 | Other Financial | 31/12/70 | 128.06 | Debs & Loans | 31/12/77 | 100.00 |
| Electronics | 30/12/83 | 1646.65 | Food Manufacturing | 29/12/67 | 114.13 | Preference | 31/12/77 | 76.72 |
| | | | | | | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
CONSTITUENT CHANGES: Additions: (26/10/90) Corowell Parker "A" Ord N/V (48) and Amber Day (34). Deletions: (26/10/90) Polly Peck International (26) and Cowell (41). Name changes: (22/10/90) TR Trustees Corporation to TR Smaller Companies Inv. Tst. (71). (26/10/90) York Trust to Babcock Prebon (70).

## LONDON TRADED OPTIONS

THE LONDON derivative markets were depressed on worries over heightened tension in the Gulf which fueled a further rise in the price of oil.

Equity futures drifted lower throughout the day ending below the psychologically important 2,100 level. The possibility of further US troops being committed to the Gulf unnerved the market.

But despite falling below fair value, the level at which the futures market should be trading to take account of future dividend payments and the cost of finance, it lacked the downward momentum to pull the cash market behind it.

The December FT-SE 100 index traded down to a premium over the cash market of 20 points, against fair value of 35. However, this did not tempt arbitrageurs to buy futures and sell sell stock.

December fell to a low of 2,075 before eventually settling at 2,084, down 44 points on the day. December's premium over the cash index ended at 22 points against 41.

In the traded options market, dealing levels were up but this was due to inter-marketmaking activity and did not reflect an increase in retail interest.

Total turnover stood at 39,134, up from 34,844. Activity was concentrated in puts.

The FT-SE 100 index was busier. A seller of 1,000 November 2,150 call options was noted, while James Capel bought 500 November 2,050 puts.

In the stock options, dealing among marketmakers boosted turnover in Rolls-Royce. A total of 7,028 contracts changed hands, most of which were puts.

One broker was reported to have sold 1,000 December 160 calls and bought 1,000 March 160 calls.

The other busier stock options included P & O (1,813 lots); British Gas (1,000); Abbey National (865); and TSB (810).

| Option | | Calls Jan | Calls Apr | Calls Jul | Puts Jan | Puts Apr | Puts Jul |
|---|---|---|---|---|---|---|---|
| Allid Lyons (*462) | 420 | 56 | 73 | 83 | 7½ | 14 | 18 |
| | 460 | 29 | 49 | 56 | 22 | 28 | 33 |
| | 500 | 13 | 31 | 37 | 47 | 52 | 55 |
| ASDA (*121) | 110 | 19 | 22 | – | 3 | 6 | – |
| | 120 | 12 | 16 | 20 | 7 | 10 | 11½ |
| | 130 | 8 | 11 | 16 | 13 | 16 | 17 |
| Brit. Airways (*143) | 130 | 18 | 22 | 26 | 6 | 9 | 10 |
| | 140 | 13 | 17 | 20 | 9 | 16 | 18 |
| | 160 | 6½ | 10 | 12 | 25 | 28 | 31 |
| SmKl Beecham A (*590) | 550 | 62 | 80 | 97 | 15 | 23 | 27 |
| | 600 | 32 | 52 | 67 | 36 | 44 | 48 |
| | 650 | 14 | 28 | 45 | 68 | 69 | 70 |
| Boots (*313) | 280 | 42 | 53 | 58 | 4 | 8 | 11 |
| | 300 | 28 | 39 | 45 | 10 | 14 | 18 |
| | 330 | 12 | 23 | 28 | 26 | 29 | 32 |
| B.P. (*340) | 300 | 47 | 55 | 63 | 3 | 6 | 7 |
| | 330 | 26 | 36 | 43 | 11 | 14 | 15 |
| | 360 | 12 | 22 | 27 | 27 | 29 | 32 |
| British Steel (*121) | 110 | 17 | 22 | – | 5 | 6 | – |
| | 120 | 10 | 16 | 19 | 9 | 11 | 12 |
| | 130 | 7 | 12 | 14 | 14 | 16 | 18 |
| Bass (*1035) | 1000 | 67 | 99 | 117 | 36 | 47 | 52 |
| | 1050 | 40 | 71 | 92 | 62 | 72 | 75 |
| | 1100 | 22 | 52 | – | 95 | 104 | – |
| C & Wire (*407) | 390 | 40 | 58 | 68 | 16 | 22 | 26 |
| | 420 | 25 | 41 | 50 | 30 | 35 | 40 |
| | 460 | 12 | 25 | 32 | 58 | 60 | 65 |
| Courtaulds (*312) | 280 | 47 | 58 | 62 | 5 | 8 | 15 |
| | 300 | 33 | 44 | 49 | 9 | 13 | 18 |
| | 330 | 16 | 27 | 33 | 25 | 28 | 33 |
| Com. Union (*446) | 420 | 48 | 58 | – | 11 | 19 | – |
| | 460 | 24 | 33 | 43 | 26 | 40 | 40 |
| | 500 | 11 | 18 | 28 | 57 | 63 | 65 |
| GKN (*301) | 280 | 37 | 43 | 45 | 10 | 18 | 20 |
| | 300 | 21 | 30 | 35 | 18 | 25 | 28 |
| | 330 | 5 | 9 | – | 62 | 65 | – |
| Grand Met. (*564) | 500 | 87 | 95 | 110 | 7 | 15 | 18 |
| | 550 | 50 | 62 | 77 | 19 | 32 | 35 |
| | 600 | 25 | 37 | 53 | 46 | 58 | 62 |
| I.C.I. (*813) | 800 | 65 | 80 | 92 | 27 | 53 | 55 |
| | 850 | 35 | 44 | 68 | 52 | 80 | 84 |
| | 900 | 20 | 33 | – | 87 | 112 | – |
| Kingfisher (*385) | 330 | 68 | 85 | – | 3 | 6 | – |
| | 360 | 47 | 62 | 67 | 11 | 14 | 19 |
| | 390 | 26 | 43 | 48 | 21 | 26 | 30 |
| Ladbroke (*275) | 260 | 33 | 43 | 47 | 9 | 13 | 17 |
| | 280 | 19 | 28 | 36 | 19 | 21 | 23 |
| | 300 | 10 | 21 | – | 29 | 34 | – |
| Land Secur (*502) | 460 | 55 | 72 | 82 | 10 | 14 | 18 |
| | 500 | 30 | 47 | 55 | 24 | 29 | 35 |
| | 550 | 12 | 26 | 33 | 60 | 62 | 67 |
| M & S (*230) | 200 | 37 | 46 | – | 2½ | 4½ | – |
| | 220 | 21 | 30 | 34 | 7 | 10½ | 13 |
| | 240 | 10 | 19 | 23 | 17 | 20 | 22 |
| STC (*269) | 240 | 42 | 48 | – | 5½ | 9½ | – |
| | 260 | 28 | 34 | 44 | 11 | 13 | 17 |
| | 280 | 18 | 24 | 32 | 21 | 26 | 27 |
| Sainsbury (*306) | 280 | 37 | 47 | 53 | 4½ | 7 | 10 |
| | 300 | 23 | 33 | 39 | 11 | 14 | 17 |
| | 330 | 8½ | 18 | 24 | 28 | 31 | 31 |
| Shell Trans. (*447) | 420 | 50 | 57 | 68 | 8 | 16 | 17 |
| | 460 | 25 | 32 | 45 | 21 | 32 | 35 |
| | 500 | 10 | 18 | 29 | 55 | 57 | 58 |
| Storehouse (*122) | 110 | 17 | 22 | – | 5 | 6 | – |
| | 120 | 10 | 16 | 19 | 9 | 11 | 12 |
| | 130 | 7 | 12 | 14 | 14 | 16 | 18 |

| Option | | Calls Jan | Calls Apr | Calls Jul | Puts Jan | Puts Apr | Puts Jul |
|---|---|---|---|---|---|---|---|
| Trafalgar (*168) | 160 | 23 | 26 | – | 15 | 17 | – |
| | 180 | 14 | 18 | 25 | 30 | 30 | 35 |
| Utd. Biscuits (*312) | 300 | 31 | 39 | 45 | 9 | 15 | 17 |
| | 330 | 14 | 22 | 28 | 24 | 30 | 33 |
| Unilever (*654) | 650 | 42 | 63 | 78 | 26 | 35 | 42 |
| | 700 | 20 | 38 | 55 | 55 | 65 | 69 |
| Ultramar (*324) | 300 | 40 | 47 | 55 | 9 | 11 | 15 |
| | 330 | 22 | 30 | 38 | 23 | 25 | 27 |

| Option | | Calls Nov | Calls Feb | Calls May | Puts Nov | Puts Feb | Puts May |
|---|---|---|---|---|---|---|---|
| Brit Aero (*539) | 500 | 47 | 73 | 83 | 6 | 16 | 25 |
| | 550 | 15 | 42 | 52 | 23 | 35 | 47 |
| BAA (*367) | 360 | 18 | 33 | 47 | 9 | 23 | 27 |
| | 390 | 6 | 19 | 33 | 30 | 40 | 43 |
| BAT Inds (*549) | 500 | 58 | 80 | 90 | 5 | 12 | 15 |
| | 550 | 16 | 47 | 63 | 16 | 27 | 35 |
| BTR (*296) | 280 | 20 | 35 | 38 | 3 | 11 | 15 |
| | 300 | 9 | 25 | 28 | 12 | 20 | 25 |
| Brit. Telecom (*262) | 260 | 9 | 19 | 29 | 5½ | 14 | 15½ |
| | 280 | 3 | 10½ | 19 | 20 | 26 | 27 |
| Cadbury Sch (*312) | 300 | 17 | 34 | 40 | 5 | 11 | 17 |
| | 330 | 4 | 18 | 25 | 21 | 27 | 31 |
| Guinness (*694) | 650 | 50 | 82 | 97 | 4½ | 15 | 23 |
| | 700 | 16 | 51 | 67 | 22 | 35 | 40 |
| GEC (*185) | 180 | 9 | 17 | 24 | 4½ | 9 | 11 |
| | 200 | 2 | 7½ | 14 | 17½ | 21 | 23 |
| Hanson (*187) | 180 | 11 | 14 | 19 | 3 | 9 | 11 |
| | 200 | 2 | 6 | 11½ | 15 | 22½ | 23 |
| LASMO (*457) | 433 | 32 | – | – | 6 | – | – |
| | 460 | 13 | 42 | 52 | 16 | 27 | 33 |
| Lucas Inds (*114) | 110 | 9 | 14 | 17 | 9 | 11 | 14 |
| | 120 | 3 | 9 | 12 | 17 | 16 | 17½ |
| P. & O. (*485) | 460 | 35 | 62 | 75 | 9 | 18 | 37 |
| | 500 | 10 | 40 | 55 | 24 | 37 | 52 |
| Pilkington (*154) | 140 | 16 | 20 | 27 | 2 | 7 | 10 |
| | 160 | 3½ | 10 | 17 | 11 | 16 | 19 |
| Polly Peck (*16) | 160 | ½ | ½ | 6½ | – | 57½ | 153 |
| | 260 | ½ | ½ | ½ | 253 | – | – |
| Prudential (*198) | 180 | 22 | 32 | 35 | 1½ | 4 | 6 |
| | 200 | 8 | 17 | 21 | 8 | 13 | 15 |
| Racal (*163) | 160 | 11 | 20 | 28 | 8 | 12 | 18 |
| | 180 | 4 | 12 | 18 | 21 | 24 | 27 |
| R.T.Z. (*419) | 390 | 36 | 59 | 64 | 3 | 11 | 22 |
| | 420 | 15 | 39 | 46 | 13 | 23 | 35 |
| Scot. & New (*359) | 330 | 27 | 38 | 52 | 4½ | 14 | 19 |
| | 360 | 8 | 23 | 37 | 17 | 28 | 32 |
| Tesco (*229) | 220 | 12 | 24 | 30 | 3½ | 6½ | 9 |
| | 240 | 4 | 13 | 19 | 12 | 16 | 20 |
| Thames Water (*237) | 220 | 10 | 20 | – | 4 | 12 | – |
| | 240 | 5 | 14 | 20 | 9 | 17 | 19 |
| Water Hldg Pkg (*2275) | 2250 | 70 | 150 | – | 40 | 100 | – |
| | 2300 | 40 | 120 | – | 80 | 120 | – |

| Option | | Calls Nov | Calls Jan | | Puts Nov | Puts Jan | |
|---|---|---|---|---|---|---|---|
| Ferranti (*17) | 20 | 1½ | 2½ | – | 4½ | 6½ | – |
| | 25 | ¼ | 1 | – | 9½ | 11 | – |

| Option | | Calls Dec | Calls Feb | Calls Apr | Puts Dec | Puts Feb | Puts Apr |
|---|---|---|---|---|---|---|---|
| [illegible] (*357) | 330 | 41 | 58 | 58 | 4 | 9 | 11 |
| | 360 | 17 | 30 | 36 | 15 | 19 | 22 |

| Option | | Calls Dec | Calls Mar | Calls Jun | Puts Dec | Puts Mar | Puts Jun |
|---|---|---|---|---|---|---|---|
| Abbey Nat. (*214) | 200 | 22 | 27 | 31 | 4 | 7½ | 11 |
| | 220 | 6½ | 15 | 19 | 13 | 16 | 18 |

| Option | | Calls Dec | Calls Mar | Calls Jun | Puts Dec | Puts Mar | Puts Jun |
|---|---|---|---|---|---|---|---|
| Amstrad (*59) | 50 | 12 | 15 | 17½ | 2 | 3½ | 5 |
| | 60 | 5½ | 9 | 12 | 5 | 7½ | 9 |
| Barclays (*349) | 330 | 35 | 52 | 52 | 11 | 18 | 23 |
| | 357 | 19 | – | – | 21 | – | – |
| Blue Circle (*206) | 200 | 18 | 29 | 30 | 7 | 13 | 17 |
| | 220 | 8 | 19 | 22 | 21 | 24 | 27 |
| British Gas (*218) | 200 | 23 | 28 | 36 | 2½ | 6 | 8 |
| | 220 | 11 | 15 | 22 | 7½ | 12 | 15 |
| Dixons (*137) | 130 | 13 | 18 | 23 | 4½ | 8 | 10 |
| | 140 | 8 | 13 | 16 | 9 | 14 | 15 |
| Glaxo (*771) | 750 | 53 | 85 | 105 | 17 | 27 | 37 |
| | 800 | 26 | 60 | 75 | 42 | 51 | 57 |
| Hawker Sidd. (*396) | 390 | 27 | 45 | 50 | 20 | 27 | 38 |
| | 420 | 11 | 30 | 32 | 40 | 42 | 55 |
| Hillsdown (*256) | 240 | 24 | 36 | 41 | 6 | 9½ | 14 |
| | 260 | 12 | 24 | 29 | 15 | 18 | 23 |
| Lonrho (*199) | 200 | 13 | 18 | 22 | 10 | 20 | 25 |
| | 218 | 7 | – | – | 20 | – | – |
| Midland Bk (*190) | 180 | 22 | 32 | 35 | 6 | 14 | 15 |
| | 200 | 12 | 21 | 25 | 16 | 25 | 28 |
| Reuters (*666) | 650 | 64 | 100 | 122 | 39 | 57 | 66 |
| | 700 | 40 | 78 | 100 | 60 | 83 | 92 |
| R. Royce (*175) | 160 | 21 | 29 | 30 | 4 | 7½ | 10 |
| | 180 | 8½ | 15½ | 18 | 10 | 14 | 17½ |
| Sears (*84) | 80 | 9 | 13 | 15 | 4 | 5½ | 8 |
| | 90 | 5 | 7 | 9½ | 11 | 12 | 13 |
| THF (*257) | 240 | 25 | 36 | 41 | 4½ | 8½ | 12 |
| | 260 | 11 | 24 | 27 | 10½ | 17 | 23 |
| Thorn EMI (*622) | 600 | 44 | 67 | 85 | 19 | 27 | 32 |
| | 650 | 20 | 40 | 58 | 45 | 50 | 55 |
| TSB (*133) | 130 | 10 | 13 | 17 | 7½ | 9 | 12 |
| | 140 | 6 | 9 | 11 | 13 | 14 | 17 |
| Vaal Reefs (*$69) | 60 | 14 | 18 | 21 | 4½ | 7½ | 9 |
| | 70 | 8 | 12 | 15½ | 7 | 13 | 15 |
| Wellcome (*477) | 460 | 37 | 62 | 79 | 17 | 27 | 34 |
| | 500 | 20 | 42 | 57 | 40 | 45 | 52 |

**EURO FT-SE INDEX (*2042)**

| | 1975 | 2025 | 2075 | 2125 | 2175 | 2225 | 2275 | 2325 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Oct | 81 | 32 | 14 | 3 | 1 | 1 | 1 | 1 |
| Nov | 122 | 89 | 63 | 41 | 25 | 15 | – | 4 |
| Dec | – | 119 | – | 68 | – | 34 | – | 14 |
| Mar | – | 172 | – | 122 | – | 77 | – | 45 |
| Jun | – | 230 | – | 173 | – | 130 | – | 96 |
| Sep | – | 255 | – | 201 | – | 155 | – | 120 |
| **PUTS** | | | | | | | | |
| Oct | 7 | 14 | 39 | 77 | 123 | 173 | 224 | 276 |
| Nov | 35 | 51 | 74 | 101 | 137 | 176 | – | 263 |
| Dec | – | 66 | – | 113 | – | 177 | – | 256 |
| Mar | – | 115 | – | 152 | – | 209 | – | 265 |
| Jun | – | 110 | – | 135 | – | 185 | – | 245 |
| Sep | – | 100 | – | 132 | – | 180 | – | 228 |

**FT-SE INDEX (*2062)**

| | 2000 | 2050 | 2100 | 2150 | 2200 | 2250 | 2300 | 2350 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Oct | 66 | 27 | 7 | 2 | 1 | ½ | ½ | ½ |
| Nov | 113 | 80 | 55 | 35 | 24 | 14 | 9 | 6 |
| Dec | 142 | 111 | 84 | 63 | 45 | 32 | 22 | 15 |
| Jan | 162 | 132 | 105 | 83 | 65 | 50 | 38 | 30 |
| Jun † | 240 | – | 180 | – | 135 | – | 93 | – |
| **PUTS** | | | | | | | | |
| Oct | 9½ | 23 | 59 | 108 | 157 | 205 | 255 | 305 |
| Nov | 43 | 63 | 92 | 127 | 167 | 209 | 258 | 288 |
| Dec | 56 | 76 | 102 | 133 | 177 | 219 | 265 | 305 |
| Jan | 68 | 88 | 115 | 147 | 183 | 223 | 265 | 310 |
| Jun † | 97 | – | 136 | – | 205 | – | 274 | – |

♦ Premiums shown for closing business only.
October 26 Total Contracts 39,134
Calls 14,483 Puts 24,651
FT-SE Index Calls 5288 Puts 8654
Euro FT-SE Calls 839 Puts 938
*Underlying security price. † Long dated expiry months.

# LETTERS

## Wider share ownership: the need to link executive share options with all-employee plans

*From Mr George Copeman.*

Sir, Mr Philip Chappell (Letters, October 20) is right about the need for a mixture of do-it-yourself and professional advice for investing. This is particularly the case with employee share ownership plans, where there are motivational benefits from employees building up a share stake at the place of work, but beyond a certain level there is a need for diversification. The Confederation of British Industry's (CBI) report addresses this problem very well, proposing the roll-over of capital gains tax when shares acquired through an employee share plan are transferred into a personal equity plan.

Lord Vinson's supplementary memorandum on the need to give every employee an annual statement of accrued pension value and the right to transfer this into a personal pension account is laudable but a counsel of perfection. Anyone who does a study of company contributions to pension funds, measured against employee pay, becomes aware of a shortfall of typically up to 5 per cent of pay, on what for actuarial reasons one would expect the company to be contributing.

When a company goes through a recession and there are redundancies, the future company contributions to pension can reduce remarkably, even after the workforce is restored to its former level. Job changes, whether voluntary or involuntary – and both are necessary in a free market – can save a company vast sums on pension liability. This is because actuaries are entitled to take a pessimistic view of the future earnings of ex-employees of whom they know nothing, so frozen pensions are inadequately updated.

If Lord Vinson's proposal were put into instant effect, the cost of employing most of the British workforce could well rise by several per cent, because young people a long way from pension age would be guaranteed money that most of them would have been destined to lose. Actuaries would then have to advise that pension arrangements were grossly underfunded.

Lord Vinson's proposal could only be put into effect at low cost over a long period of time, starting with the young and working up the age scale. Meanwhile, the CBI report has provided some very motivational ways of encouraging employees to build share capital at the place of work to supplement the inadequate pensions which over 90 per cent of them are destined to have.

The CBI says, moreover, that companies without an all-employee share plan "should review the costs and benefits of introducing such schemes". At present in Britain there are three times as many companies with executive scare schemes as with all-employee share schemes.

For this reason the Wider Share Ownership Council recommends a positive approach to linking executive share options and all-employee plans. To achieve this link, there could be a differential between the executive share option price if a company has an all-employee share plan and the price if it has not.

For example, the right to grant approved executive share options at market price under the Finance Act 1984 could be limited to companies which also have an all-employee share plan. Those companies without an all-employee share plan could be required to issue their approved executive share options at 20 per cent above market price. This would not be a stiff penalty. Even 2 per cent annual inflation could make a 10-year option look attractive. Nevertheless, a 20 per cent differential would make companies think very seriously about introducing all-employee share ownership plans.

George Copeman,
*chairman,*
*Wider Share Ownership Council,*
*Juxon House,*
*94 St Paul's Churchyard, EC4*

*From Ms Carol Arrowsmith.*

Sir, "Pibs (permanent interest bearing shares) are still on the drawing-board. They should stay there," writes Lex (October 22). This paints a most negative view of a well-intentioned attempt by the Building Societies Commission to narrow the gap between mutual and public limited company status.

I should like to see Pibs designed to be capable of use in employee share schemes and personal equity plans (Peps) as well as raising capital.

The idea of a form of equity for use in employee share schemes has been on the minds of mutuals for some time. Why should employees of a dedicated mutual be unable to have a stake in the success of their organisation through the tax efficient share schemes which are enjoyed by, for example, Abbey National's staff?

Further, private investors could be encouraged to hold Pibs in a Pep thereby receiving income at prevailing interest rates free from income tax while still being exposed to the "capital risk" of share holding.

Pibs require serious consideration not a permanent resting place on the drawing-board.

Carol Arrowsmith,
*managing director,*
*New Bridge Street Consultants,*
*Tallis House,*
*2 Tallis Street, EC4*

*From Mr Philip Chappell.*

Sir, Your editorial comment on the CBI's wider share ownership report ("The private shareholder," October 18) suggested that "since the middle classes do not mind their own cars", they should not try to manage their investments. By a happy slip, these worthy people emerged in my letter (October 20) as the "idle" classes.

My concern is with all citizens, idle and working, upper, middle and lower classes, if these words still have any meaning. We are all shareholders now, through pension funds and insurance policies, but indirectly and at secondhand. It was that issue which Lord Vinson's memorandum correctly and bravely addressed, and which Barry Riley ("Lament for the vanishing shareholder," October 20) also considered.

If direct employee ownership is good for a company, surely direct citizens' ownership is good for our society. Politically it disperses power, morally it creates a new commitment to capitalism, economically it provides millions of buy/sell market signals in place of concentrated ownership.

It is now a major moral issue – don't let it be swept under the carpet.

Philip Chappell,
*adviser,*
*Association of Investment Trust Companies,*
*Park House,*
*16 Finsbury Circus, EC2*

## Backing the wrong myth

*From Mr Paul Mathieu.*

Sir, It lends romance to the closure of Phoenix Park racecourse to write ("A wake for The Park," October 20) that it was founded by "a gambling English vet who escaped to Ireland to avoid his creditors", but it is not accurate.

Holmer Peard was certainly a vet – among the best-known of his time – but he came from several generations of Cork men. He was also a gambler, but the only people who attempted to escape from his transactions were bookmakers.

Peard was one of a heavy-betting "league of gentlemen" who included the brother of the then governor of the Bank of England and the financier behind what is now Expamet. Together they ran a private racing stable at Druid's Lodge on Salisbury Plain at the start of this century and inflicted ruin on a number of bookies.

Peard was a large man of short temper and a fondness for litigation. Kieran Cooke should be grateful that he has been dead these 50 years.

Paul Mathieu,
*10 Marlborough Road, W5*

## It's a gas

*From Mr Garde B. Gardom.*

Sir, Worldwide, and most certainly in Europe, people are held almost daily hostage by the energy crisis, the west's dependence on Middle East oil, the cost of petrol and increasing pollution. But something can be done about it. And one tried, tested and workable response is available: equip vehicles to run on natural gas.

Surely that is worthy of immediate in-depth consideration by UK government and industry. The UK has its own source of this renewable resource and, by equipping cars and lorries to run on natural gas, fuel costs (subject to government) should be half that of petrol. Conversion would cost about £750 and engine life would double. Further, it is safe – it does not explode like propane. And no pollution!

We have enjoyed about 10 years' experience in Vancouver. Black Top Cabs, the major taxi company, are all on natural gas.

Garde B. Gardom,
*agent general,*
*British Columbia House,*
*1 Regent Street SW1*

## INTERNATIONAL COMPANIES AND FINANCE

# Strong sales lift Sharp to record Y40.4bn

By Stefan Wagstyl in Tokyo

SHARP, the Japanese electronics group, yesterday posted an increase in interim profits of 20.6 per cent to a record Y40.4bn ($314.6m). The group attributed the rise to strong sales of cordless telephones, air conditioners and liquid crystal displays (LCDs).

The company, which relies heavily on financial investments to boost operating profits, also revealed that its financial returns were unaffected by this year's turmoil in the Japanese stock market.

Reporting parent company results for the six months to the end of September, Sharp recorded operating profits of Y24.6bn, up 7 per cent, and net non-operating profits of Y15.8bn, up 50.4 per cent. After-tax profits totalled Y24.2bn, up 32.1 per cent.

Sales rose 9 per cent to Y565bn, also a record. Sharp said that although sales of video cassette recorders and television sets dropped slightly, business in other areas, particularly LCDs, rose strongly. The company is Japan's leading maker of liquid crystal displays, which are used in computers and small televisions.

Sharp revised upwards by Y1bn to Y81bn its forecast pre-tax profits for the year and the sales forecast stayed unchanged at Y1,140bn.

● Victor Company of Japan (JVC), the consumer electronics maker which is part-owned by Matsushita Electric Industrial, posted modest increases in interim sales and profits.

Parent company sales rose 4 per cent to Y314bn and pre-tax profits also rose by 4 per cent to Y12bn. Net profits were 13 per cent higher at Y7.8bn. Like Sharp, the company has large non-operating profits, mainly from financial investments. Without these profits the results would have been flat, since operating profits rose just just 0.7 per cent to Y2.5bn.

JVC said sales in its mainstream television, video recorder and audio divisions fell due to slack demand. However, turnover in equipment for professional use and in software increased. The company is committed to expanding these businesses and recently announced a business tie-up with MCA, the US entertainments company.

For the current year, JVC forecasts a 4 per cent increase in sales to Y640bn, and a similar rise in profits to Y25bn pre-tax. JVC said the market was unpredictable because of the effects of the stock market decline, the Middle East situation and the sharp appreciation of the yen.

# Workers stage sit-in over FN receivership rumours

WORKERS at Fabrique Nationale Herstal, the troubled Belgian arms maker famous for Browning guns, yesterday occupied the company's plant in Liège in a desperate protest over rumours that the company was to be put into receivership, writes Lucy Kellaway in Brussels

FN's shares yesterday tumbled 23 per cent to BFr110, as shareholders became increasingly pessimistic that a rescue plan could be found by the deadline on Tuesday.

FN's workers and minority shareholders have been upset by reports that Société Générale de Belgique, Belgium's biggest company and the owner of 76 per cent of the arms company, was not prepared to support a rescue plan and that it was poised to asked a Belgian court to put it into receivership.

However La Générale yesterday denied these rumours, saying that it would try to keep FN afloat. It said no final decision had yet been taken.

La Générale finds itself in a difficult position, pressed on one side by its majority shareholder Compagnie Financière de Suez, which is increasingly restive at the scale of FN's losses, and on the other by the need for a solution that is politically acceptable in Belgium. FN employs 2,500 people in Liège, a depressed industrial town.

The workers, who yesterday attacked the attitude of La Générale, have called for the sit-in to continue until Monday morning. They said their action did not amount to a strike, but was a "confident, calm and firm" protest, which would last through the weekend, and be reconsidered at a new meeting on Monday. The aim, they said, was to keep the pressure on La Générale.

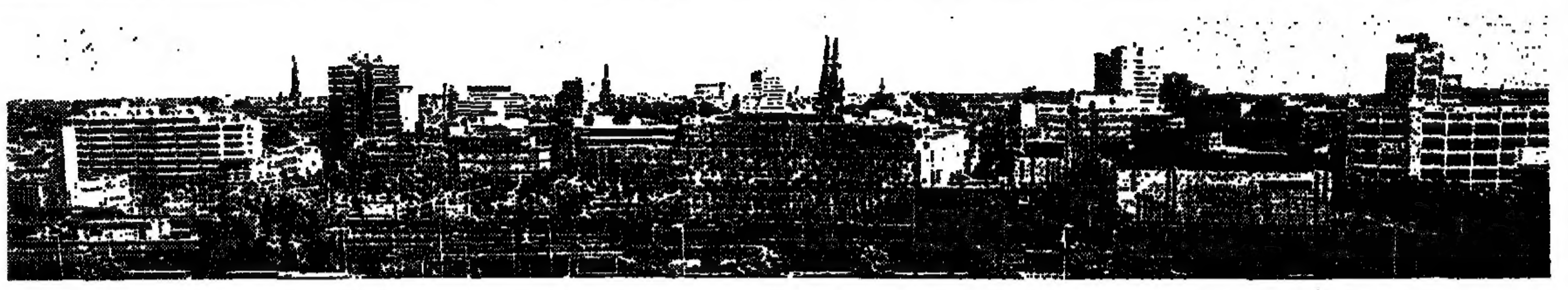
La Générale said all sides were still negotiating to meet a series of conditions laid down in the recovery plan. These include an injection of BFr13bn ($418m) into the ailing business; a full order book; finding an industrial partner; and reaching an agreement with trade unions for heavy job losses.

Talks are at an advanced stage, with the French weapons company, Groupe Industriel d'Armements Terrestres, which is said to be interested in buying some of the assets, in particular the Browning gun business. That would leave a shell of a company, with some property assets and a large social liability to the workers.

The trade unionists are concerned that the financial position of Giat is itself not good and have pointed to the recent financial losses and redundancies it has been forced to make.

# Uncertainty replaces shock in Philips' home town

**Ronald Van der Krol** visits Eindhoven (below) to gauge reaction to job cuts at the electronics group



Shocked and surprised is the best description of how Eindhoven has reacted so far to the news that the Dutch town's main employer, the Philips electronic group, is preparing to slice up to 45,000 jobs from its worldwide payroll over the next 14 months.

Now the mood is also becoming one of uncertainty and suspense. People are waiting to hear where the cuts will be made – and how.

The profound sense of shock is shared by all levels of Eindhoven-based staff, from the shopfloor up to middle management. Mr Theo Starring, the secretary of the central works council which represents all the company's Dutch subsidiaries, said: "Even for us in the central works council it all came as a complete surprise. Nobody had expected lay-offs of this scale."

The trades unions believe the Netherlands will inevitably bear a great proportion of the losses. Anywhere between 7,000 and 10,000 jobs, out of a total of nearly 60,000 Dutch jobs at Philips, could be lost. If this is true, the axe will fall most heavily on Eindhoven, a town which looks to Philips for nearly 30,000 of the region's 150,000 jobs.

The latest upheaval at Philips couldn't come at a worse time for Eindhoven. On Thursday, the day that Philips dropped the lay-off bombshell and announced that it was also omitting its 1990 dividend, the town's second-biggest employer, the Anglo-Dutch truck group DAF, disclosed that it was facing "significant" losses and that jobs would be eliminated. So far, however, DAF's proposed cuts affect only its UK arm.

Eindhoven, located in the southern Netherlands, is no stranger to reshuffles and reorganisations at Philips. Indeed, the giant electronics company spent much of the 1980s restructuring its divisions.

These reorganisations were carried out bit by bit, with each of the main product divisions – lighting, consumer electronics, computer and components – taking its turn. The latest operation, however, is different. Not only is the scale of the job losses unprecedented, but this time the company has given no indication of where the losses will come.

Mr Jan Timmer, Philips' new president, has said only that 35,000 to 45,000 jobs will go. He has not targeted specific categories among the group's 285,700-strong global workforce.

In the absence of geographic or divisional breakdowns, Philips' home-town workforce remains in the dark. "It's obviously the talk of the day around here," a Philips secretary said of the looming lay-offs. "People are worried, of course, but it hasn't reached the stage yet that people are weighing up whether they'll really be the ones asked to go. I don't think it's sunk that deep yet, but it will come." Another young woman who works in Philips' colour television operation said: "We were called into the canteen yesterday and told the news. I think we're OK in my department, but the atmosphere is definitely tense."

The lay-offs are all the more surprising because Philips had just finished outlining how it planned to cut nearly 9,000 jobs from its computer and components business in Europe.

Mr Timmer, a Philips veteran who assumed the presidency in July with a formidable reputation as an energetic organiser, said on Thursday the new cuts were part of a wide and concerted efficiency drive. The company's bloated workforce, he said, generated less turnover per person than Philips' competitors, and this meant that jobs have to be eliminated to get costs down.

A random sampling of Philips employees at factory gates in Eindhoven and on the pavement outside the company shop indicates that many people accept Mr Timmer's view that the company is excessively bureaucratic. "It's probably not true of every department, but there must be ways of doing things with a smaller number of people," Annemiek, a 23-year-old administrative assistant, remarked.

"Every layer in the company seems to be topped by another layer, and then by another layer. I don't always think it's necessary."

In many cases, reactions in Eindhoven were split along generational lines. Younger employees, who never experienced Philips' post-War heyday as a cradle-to-grave employer, seemed less surprised by the turn of events than older and retired staff members.

Mr Theo van der Wiel, 61, who was made redundant two years ago when the export department where he worked was split up and decentralised, noted that older people found it difficult to accept the rationale that jobs must go when times are bad. "Before, working for Philips was like being a civil servant. Your job was never at risk unless you really bungled it up."

Still, Mr van der Wiel and other members of the Philips "family" seem ready to accept that the lay-offs are necessary, inevitable and probably overdue. But they argue that the cuts must be made at all levels – as promised by Mr Timmer – without sparing management and senior officials.

Another proviso to Eindhoven's acceptance of the inevitable is that Philips continues to offer generous severance terms. In the past, lay-offs in Eindhoven happened at a leisurely pace, in keeping with Dutch welfare state traditions, and there was plenty of time to negotiate settlement terms, such as severance pay of six months' salary or more.

Under the leadership of Mr Timmer, however, Philips will be keen to keep negotiations short. "The measures should be implemented quickly," Mr Timmer said. "This painful period should be kept as short as possible."

Despite the concern, there is grudging respect for Mr Timmer's boldness. "The other times we were told 'this won't hurt a bit', as if we were patients in a doctor's surgery. But the operation was never successful. This time, Mr Timmer is saying it will hurt and that's at least realistic," one employee said.

# Cummins suffers $33.7m deficit

By Nikki Tait

CUMMINS ENGINE, the world's largest independent manufacturer of diesel engines, yesterday reported an after-tax loss of $33.7m for the three months to the end of September. The loss per share, after a sizeable extraordinary credit, was $2.55 against a loss of $4.12 last time.

The figure, scored after a $22.1m extraordinary surplus, compared with a loss of $39.7m in the corresponding period last year. Cummins had warned that the third-quarter loss would probably outstrip the previous year's deficit, but its shares still eased $⅝ to $37⅝ in early trading.

The company said the loss, on sales of $829.8m ($807.3m), reflected an accelerated fall in demand for North American heavy duty truck engines, a softening of related markets for components and replacement parts, and reduced sales of generator sets.

During the quarter, the company made a $18.2m addition to the accrual for "extended product coverage programmes", designed to cover the anticipated costs of repairing products sold under these programmes. On the plus side, Cummins saw an extraordinary gain of $22.1m from the repurchase of a portion of its outstanding debt.

Cummins also said it was shedding a further 210 employees in the Columbus, Indiana, area, where it is based. It has already cut 300 jobs worldwide, and expects further reductions in the coming months.

# Renault forecasts 60% decline

By George Graham in Paris

RENAULT, the French state-owned car group, has forecast a 60 per cent drop in profits this year, hurt by losses at Mack Trucks, its US lorry subsidiary, and by the cost of launching its new Clio compact car.

The group yesterday announced group pre-tax profits of FFr2.44bn ($482.2m) in the first half of this year, the first time it has published interim profits figures.

For the full year, it forecasts pre-tax profits of around FFr4bn, compared with FFr9.73bn in 1989. First-half sales totalled FFr87.5bn, down 3 per cent from a year earlier.

Mr Louis Schweitzer, finance director, said the fall was due mainly to the difficulties of Mack, of which Renault has just taken full control. Mack has suffered from the collapse of the US truck market, and to problems elsewhere. He also cited the arrival of the Clio.

Customers had delayed buying the popular Renault 5 compact, which the Clio is to replace, until they had seen the new model. This slowed R5 sales at the beginning of this year, while the Clio itself has not yet taken off.

Renault also suffered increased financing costs, stemming from the repayment of FFr6bn to the French government at the insistence of the European Commission in Brussels. This boosted the group's debt to FFr23bn.

The state-owned group's market share inside France has slipped this year.

# Aetna Life reveals profits fall and job cuts

By Nikki Tait in New York

AETNA LIFE, the third largest insurer in the US and the biggest investor-owned group, yesterday coupled news of a near-6 per cent reduction in its workforce with a sharp drop in third-quarter profits.

Post-tax profits slumped to $88.6m in the three months to the end of September from $182.6m in the corresponding period a year ago. However, the figures were badly dented by a $60m after-tax charge for the corporate reorganisation and associated redundancies, and a pre-tax $58m addition to reserves to cover deteriorating mortgage loans and real estate write-downs.

The latter move underlines the debilitating effect the US property slump is having on insurers' portfolios. It follows a more serious warning about reserve requirements from Travelers, another large US insurer – an announcement which set alarm bells ringing in the sector generally.

Despite the apparent profits downturn, Aetna said yesterday its underlying third-quarter earnings were "modestly improved" on the year-ago figures. That, coupled with prospective savings of $95m a year by 1993 from the restructuring, helped the group's shares rise $1¼ to $32 by midday.

The reorganisation involves the dismantling of the company's current divisional structure, which means that services are duplicated between the commercial insurance, employee benefits and personal financial security areas. Instead, the company will concentrate on the underlying business units previously within these divisions, and provide group-wide services.

The reorganisation will cost 2,600 jobs, principally at Aetna's Hartford headquarters, out of a total workforce of 45,200. They will disappear over a period of 12 to 18 months, and the company has taken a $90m charge – reducing to $60m after-tax – in the third quarter to cover this.

Premium income for the quarter was marginally ahead at $3.3bn, compared to $3.2bn, while investment income stood at $1.47bn, against $1.4bn. However, because of the real estate-related reserving, Aetna booked net realised capital losses of $57.8m before tax, against a $166m surplus – helped by the sale of Federated Investors – a year earlier.

Adjusting for those factors, Aetna said earnings were much as expected and showed a small improvement overall.

Nine-month net profits were down sharply to $472.2m or $4.23 a share, from $525.8m or $4.67 a year ago.

## WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1990 | Low 1990 |
|---|---|---|---|---|---|
| Gold per troy oz. | $373.00 | +0.50 | $374.00 | $420.25 | $345.75 |
| Silver Per troy oz | 215.65p | -1.10 | 327.30p | 323.50p | 213.85p |
| Aluminium 99.7% (cash) | $1962.5 | -5.0 | $1775 | $2227.5 | $1380.0 |
| Copper Grade A (cash) | £1407.5 | +23.5 | £1729 | £1747.5 | £1304.5 |
| Lead(cash) | £372.0 | -12.5 | £467.5 | £790 | £372.0 |
| Nickel (cash) | $9100 | +575 | $10250 | $11375 | $8075 |
| Zinc SHG (cash) | $1335.5 | -42.0 | $1522.5 | $1869 | $1250 |
| Tin (cash) | $6210 | +15 | $7880 | $7020 | $5785 |
| Cocoa Futures (Mar) | £723 | +19 | £694 | £967 | £622 |
| Coffee Futures (Jan) | £578 | +3 | £682 | £757 | £548 |
| Sugar (LDP Raw) | $248.8 | -9.2 | $345.6 | $386.4 | $241.7 |
| Barley Futures (Jan) | £117.50 | -0.25 | £109.7 | £117.75 | £103.45 |
| Wheat Futures (Jan) | £118.90 | +0.35 | £111.4 | £123.45 | £111.00 |
| Cotton Outlook A Index | 82.40c | +0.65 | 82.20c | 92.70c | 73.70c |
| Wool (64s Super) | 408p | -2 | 598p | 580p | 408p |
| Oil (Brent Blend) | $32.95y | +0.80 | $19.025 | $39.175 | $15.575 |

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. y-December

| COCOA – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Dec | 692 | 691 | 686 679 |
| Mar | 723 | 728 | 728 719 |
| May | 750 | 754 | 755 747 |
| Jul | 772 | 775 | 775 770 |
| Sep | 796 | 798 | 799 792 |
| Dec | 823 | 823 | 824 820 |

Turnover:3040 (5568) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 25 620.58 (624.06) 10 day average for Oct 26 698.50 (698.70)

| COFFEE – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Nov | 560 | 567 | 565 556 |
| Jan | 578 | 584 | 582 574 |
| Mar | 565 | 572 | 567 562 |
| May | 574 | 580 | 576 571 |
| Jul | 591 | 596 | 593 590 |
| Sep | 606 | 612 | 607 605 |
| Nov | 621 | | 622 620 |

Turnover: 6566 (5188) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Oct 25: Comp. daily 72.78 (73.21). 15 day average 74.11 (74.24)

| POTATOES – BFE | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Apr | 139.4 | 138.0 | 139.0 137.0 |
| May | 157.0 | 157.5 | 157.5 158.5 |

Turnover 164 (208) lots of 40 tonnes.

| SOYABEAN MEAL – BFE | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Feb | 123.00 | 123.00 | 123.50 123.00 |
| Apr | 126.00 | 126.00 | 125.50 125.00 |
| Jun | 124.50 | | 124.50 124.00 |

Turnover 165 (80) lots of 20 tonnes.

| FREIGHT FUTURES – BFE | | | $10/index point |
|---|---|---|---|
| | Close | Previous | High/Low |
| Nov | 1270 | 1283 | 1275 1270 |
| Dec | 1244 | 1257 | 1255 1240 |
| Apr | 1220 | 1245 | 1235 1230 |
| BFI | 1320 | 1327 | |

Turnover 167 (221)

| GRAINS – BFE | | | |
|---|---|---|---|
| Wheat | Close | Previous | High/Low |
| Nov | 114.60 | 114.65 | 114.75 114.60 |
| Jan | 118.90 | 119.10 | 118.95 118.85 |
| Mar | 122.30 | 122.50 | 122.50 122.30 |
| May | 125.70 | 125.90 | 125.70 |
| Barley | Close | Previous | High/Low |
| Nov | 113.20 | 113.45 | 113.35 113.20 |
| Jan | 117.50 | 117.70 | 117.70 |

Turnover: Wheat 171 (198), Barley 7 (60). Turnover lots of 100 tonnes.

| PIGS – BFE | | (Cash Settlement) p/kg | |
|---|---|---|---|
| | Close | Previous | High/Low |
| Oct | 99.0 | | 98.5 |
| Nov | 95.5 | 97.5 | 95.5 |
| Jan | 93.0 | 92.5 | 93.0 |
| Feb | 94.0 | | 93.0 |

Turnover 31 (13) lots of 3,250 kg

| LONDON METAL EXCHANGE | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | Total daily turnover 17,191 lots | |
| Cash | 1960-5 | 1920-5 | 1940 | 1940-1 | | |
| 3 months | 1785-7 | 1784-5 | 1790/1775 | 1780-1 | 1775-8 | 73,046 lots |
| **Copper, Grade A (£ per tonne)** | | | | | Total daily turnover 19,154 lots | |
| Cash | 1407-8 | 1375-7 | 1392 | 1392-3 | | |
| 3 months | 1393-4 | 1365-6 | 1397/1380 | 1380-1 | 1387-8 | 109,155 lots |
| **Lead (£ per tonne)** | | | | | Total daily turnover 1,594 lots | |
| Cash | 371-3 | 373-5 | | 370-1 | | |
| 3 months | 375-6 | 378-8.5 | 380/375.5 | 375-5.5 | 375-7 | 10,828 lots |
| **Nickel ($ per tonne)** | | | | | Total daily turnover 1,913 lots | |
| Cash | 9075-125 | 9000-50 | 8950 | 8950-9000 | | |
| 3 months | 8675-700 | 8600-25 | 8700/8575 | 8580-600 | 8625-50 | 7,518 lots |
| **Tin ($ per tonne)** | | | | | Total daily turnover 664 lots | |
| Cash | 6200-20 | 6255-65 | 6225 | 6225-30 | | |
| 3 months | 6200-20 | 6260-70 | 6227/6190 | 6222-7 | 6190-200 | 5,661 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | Total daily turnover 4,236 lots | |
| Cash | 1335-6 | 1318-20 | 1335/1325 | 1325-6 | | |
| 3 months | 1335-6 | 1318-9 | 1335/1318 | 1327-8 | 1332-4 | 19,416 lots |

LME Closing £/$ rate: SPOT: 1.9565 3 months: 1.9298 6 months: 1.9085 9 months: 1.8882

| LONDON BULLION MARKET | | |
|---|---|---|
| Gold (fine oz) | $ price | £ equivalent |
| Close | 372¾-373¼ | 190½-191 |
| Opening | 377-377½ | 193¼-193¾ |
| Morning fix | 377.30 | 192.825 |
| Afternoon fix | 373.70 | 191.102 |
| Day's high | 377¾-378¼ | |
| Day's low | 372-372½ | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 382-387 | 195½-198½ |
| Britannia | 382-387 | 195½-198½ |
| US Eagle | 382-387 | 195½-198½ |
| Angel | 382-387 | 195½-198½ |
| Krugerrand | 372-375 | 190-192 |
| New Sov. | 90-92 | 46-47 |
| Old Sov. | 90-92 | 46-47 |
| Noble Plat | 423.60-430.35 | 216.10-219.60 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 216.65 | 422.00 |
| 3 months | 222.00 | 430.80 |
| 6 months | 228.00 | 439.30 |
| 12 months | 243.10 | 455.35 |

| TRADED OPTIONS | | | | |
|---|---|---|---|---|
| Coffee | Jan | Mar | Jan | Mar |
| 550 | 41 | 42 | 14 | 26 |
| 600 | 16 | 22 | 39 | 58 |
| 650 | 6 | 9 | 79 | [illegible] |
| Cocoa | Dec | Mar | Dec | Mar |
| 650 | 44 | | 12 | |
| 700 | 6 | | 22 | |
| 730 | 5 | 45 | 74 | 72 |
| Brent Crude | Dec | Jan | Dec | Jan |
| 3000 | | | 600 | |
| 3050 | | | | |
| 3100 | | | 410 | |

## New York

| GOLD 100 troy oz.; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Oct | 370.9 | 375.8 | 372.5 | 370.5 |
| Nov | 371.0 | 376.1 | 0 | 0 |
| Dec | 373.2 | 378.3 | 380.2 | 370.6 |
| Feb | 377.3 | 382.5 | 383.7 | 375.0 |
| Apr | 381.0 | 386.2 | 388.2 | 378.5 |
| Jun | 384.9 | 390.2 | 391.8 | 383.0 |
| Aug | 388.8 | 394.1 | 0 | 0 |
| Oct | 392.8 | 398.1 | 0 | 0 |
| Dec | 396.8 | 402.2 | 404.0 | 395.0 |

| PLATINUM 50 troy oz; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Oct | 410.4 | 415.8 | 415.0 | 410.0 |
| Jan | 413.4 | 420.3 | 419.0 | 411.0 |
| Apr | 418.7 | 425.8 | 425.0 | 418.0 |
| Jul | 423.3 | 430.8 | 428.0 | 428.0 |
| Oct | 429.3 | 436.4 | 429.0 | 432.0 |

| SILVER 5,000 troy oz; cents/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Oct | 405.0 | 420.4 | 410.5 | 410.5 |
| Nov | 405.4 | 420.9 | 0 | 0 |
| Dec | 408.0 | 424.0 | 425.0 | 406.0 |
| Jan | 410.0 | 425.0 | 0 | 0 |
| Mar | 415.5 | 432.1 | 434.5 | 416.0 |
| May | 422.8 | 438.2 | 440.0 | 421.0 |
| Jul | 428.5 | 445.6 | 446.0 | 428.0 |
| Sep | 434.5 | 451.7 | 450.0 | 435.0 |
| Dec | 443.4 | 460.6 | 461.0 | 443.0 |
| Jan | 445.0 | 464.4 | 0 | 0 |

INDICES

| REUTERS (Base: September 18 1931 = 100) | | | |
|---|---|---|---|
| Oct 26 | Oct 25 | mnth ago | yr ago |
| 1724.0 | 1728.3 | 1783.4 | 1841.8 |

| DOW JONES (Base: Dec. 31 1974 = 100) | | | | |
|---|---|---|---|---|
| | Oct 25 | Oct 24 | mnth ago | yr ago |
| Spot | 128.88 | 128.94 | 129.38 | 131.04 |
| Futures | 128.77 | 128.65 | 131.66 | 128.77 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Oct | 127.20 | 127.95 | 130.00 | 127.20 |
| Nov | 124.00 | 124.30 | 127.00 | 124.00 |
| Dec | 119.80 | 119.80 | 123.30 | 119.30 |
| Jan | 117.10 | 117.10 | 117.60 | 117.20 |
| Mar | 113.20 | 113.10 | 115.60 | 113.00 |
| Apr | 112.10 | 112.00 | 0 | 0 |
| May | 111.10 | 111.00 | 112.90 | 111.00 |
| Jun | 110.20 | 110.05 | 0 | 0 |
| Jul | 109.20 | 109.00 | 0 | 0 |
| Aug | 108.35 | 108.15 | 0 | 0 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Jan | 32.30 | 32.19 | 34.25 | 32.25 |
| Mar | 29.85 | 30.14 | 32.00 | 29.84 |
| Apr | 28.90 | 29.29 | 30.90 | 29.00 |
| May | 27.80 | 28.54 | 29.90 | 27.80 |
| Jun | 27.55 | 27.88 | 28.90 | 27.55 |
| Jul | 27.00 | 27.34 | 28.20 | 27.00 |
| Aug | 27.00 | 26.89 | 27.60 | 27.00 |
| Sep | 26.40 | 26.54 | 27.15 | 26.40 |

| HEATING OIL 42,000 US galls, cents/US galls | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Nov | 8970 | 9167 | 9450 | 8970 |
| Jan | 9050 | 8938 | 9470 | 9010 |
| Feb | 8775 | 8720 | 9185 | 8770 |
| Mar | 8430 | 8320 | 8780 | 8400 |
| Apr | 8025 | 7960 | 8150 | 8000 |
| May | 7900 | 7890 | 8000 | 7850 |
| Jun | 7510 | 7510 | 0 | 0 |

| COCOA 10 tonnes;$/tonnes | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 1218 | 1214 | 1225 | 1211 |
| Mar | 1276 | 1271 | 1281 | 1268 |
| May | 1312 | 1308 | 1315 | 1310 |
| Jul | 1348 | 1342 | 1352 | 1346 |
| Sep | 1378 | 1372 | 0 | 0 |
| Dec | 1418 | 1412 | 0 | 0 |
| Mar | 1453 | 1447 | 0 | 0 |

| COFFEE "C" 37,500lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 91.20 | 91.30 | 92.10 | 90.40 |
| Mar | 95.00 | 94.85 | 95.70 | 94.05 |
| May | 97.15 | 97.00 | 97.80 | 96.40 |
| Jul | 99.20 | 99.20 | 99.90 | 98.75 |
| Sep | 101.40 | 101.00 | 101.40 | 101.00 |
| Dec | 104.00 | 104.00 | 0 | 0 |
| Mar | 106.50 | 106.50 | 0 | 0 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 9.33 | 9.60 | 9.54 | 9.30 |
| May | 9.33 | 9.61 | 9.48 | 9.30 |
| Jul | 9.41 | 9.58 | 9.47 | 9.35 |
| Oct | 9.43 | 9.61 | 9.50 | 9.34 |
| Mar | 9.56 | 9.71 | 0 | 0 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 74.26 | 74.47 | 74.45 | 73.76 |
| Mar | 74.10 | 74.58 | 74.45 | 73.72 |
| May | 74.62 | 74.68 | 74.73 | 74.16 |
| Jul | 74.74 | 75.00 | 74.86 | 74.25 |
| Oct | 69.13 | 69.05 | 67.65 | 68.05 |
| Dec | 66.15 | 66.60 | 66.60 | 66.15 |
| Mar | 67.10 | 67.50 | 0 | 0 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 115.90 | 116.35 | 116.00 | 114.75 |
| Jan | 110.75 | 110.80 | 111.25 | 109.50 |
| Mar | 111.20 | 111.50 | 111.75 | 110.25 |
| May | 111.20 | 111.50 | 111.50 | 110.40 |
| Jul | 111.25 | 112.25 | 111.50 | 110.90 |

## Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 594/6 | 605/4 | 604/0 | 595/0 |
| Jan | 611/0 | 621/4 | 620/2 | 610/4 |
| Mar | 626/0 | 636/0 | 634/4 | 625/4 |
| May | 640/2 | 648/4 | 647/0 | 639/4 |
| Jul | 649/4 | 659/2 | 656/0 | 649/0 |
| Aug | 649/6 | 659/2 | 656/2 | 649/4 |
| Sep | 627/4 | 633/4 | 693/4 | 527/0 |

| SOYABEAN OIL 60,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 21.82 | 22.16 | 22.08 | 21.80 |
| Jan | 22.12 | 22.45 | 22.37 | 22.06 |
| Mar | 22.54 | 22.86 | 22.80 | 22.50 |
| May | 22.97 | 23.28 | 23.15 | 22.91 |
| Jul | 23.20 | 23.44 | 23.35 | 23.15 |
| Aug | 23.20 | 23.40 | 23.40 | 23.20 |
| Sep | 23.15 | 23.28 | 23.15 | 23.15 |
| Oct | 22.80 | 23.07 | 23.05 | 22.80 |
| Dec | 22.75 | 22.95 | 22.75 | 22.75 |

| SOYABEAN MEAL 100 tons; $/ton | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 179.8 | 182.8 | 182.2 | 179.8 |
| Jan | 182.2 | 184.9 | 184.3 | 182.1 |
| Mar | 186.1 | 188.5 | 188.0 | 186.0 |
| May | 188.2 | 189.6 | 189.7 | 188.0 |
| Jul | 190.1 | 191.4 | 191.2 | 189.7 |
| Aug | 190.0 | 191.7 | 191.5 | 190.0 |
| Sep | 188.0 | 188.0 | 189.1 | 187.5 |
| Oct | 185.5 | 185.7 | 187.0 | 185.5 |

| MAIZE 5,000 bu min; cents/56lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 227/6 | 230/4 | 229/4 | 227/4 |
| Mar | 237/2 | 239/6 | 239/6 | 237/0 |
| May | 243/6 | 245/6 | 245/0 | 243/2 |
| Jul | 247/6 | 250/2 | 249/4 | 247/4 |
| Sep | 247/0 | 249/4 | 249/0 | 248/4 |
| Dec | 247/6 | 250/2 | 249/0 | 248/6 |

| WHEAT 5,000 bu min; cents/60lb-bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 262/2 | 263/6 | 263/2 | 260/4 |
| Mar | 276/0 | 277/6 | 277/0 | 274/4 |
| May | 283/0 | 284/2 | 284/0 | 281/2 |
| Jul | 288/4 | 287/6 | 289/0 | 285/4 |
| Sep | 292/6 | 292/0 | 0 | 0 |
| Dec | 301/4 | 302/4 | 302/0 | 301/4 |

| LIVE CATTLE 40,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Oct | 77.67 | 77.67 | 77.95 | 77.65 |
| Dec | 74.85 | 74.82 | 75.00 | 74.70 |
| Feb | 74.45 | 74.42 | 74.65 | 74.35 |
| Apr | 75.37 | 75.35 | 75.42 | 75.10 |
| Jun | 73.20 | 73.37 | 73.40 | 73.17 |
| Aug | 71.57 | 71.52 | 72.00 | 71.50 |
| Oct | 72.10 | 71.97 | 72.32 | 72.00 |

| LIVE HOGS 30,000 lb; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 53.82 | 53.52 | 53.65 | 52.57 |
| Feb | 50.37 | 51.02 | 51.12 | 50.25 |
| Apr | 47.22 | 47.70 | 47.70 | 47.25 |
| Jun | 50.95 | 51.15 | 51.20 | 50.85 |
| Jul | 51.20 | 51.57 | 51.40 | 51.15 |
| Aug | 49.92 | 50.10 | 0 | 49.80 |
| Oct | 45.20 | 45.40 | 45.75 | 45.20 |

| PORK BELLIES 40,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 62.95 | 64.85 | 64.85 | 62.85 |
| Mar | 62.82 | 64.30 | 64.60 | 62.85 |
| May | 63.37 | 64.65 | 65.00 | 63.30 |
| Jul | 61.05 | 62.60 | 62.40 | 61.00 |
| Aug | 59.67 | 61.50 | 61.50 | 59.70 |

## London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $29.25-9.40y | +.775 |
| Brent Blend (dated) | $33.80-3.90 | +0.95 |
| Brent Blend (December) | $32.90-3.00 | +0.75 |
| W.T.I. (1 pm est) | $33.85-3.89y | +0.45 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $368-385 | +10 |
| Gas Oil | $306-310 | +8 |
| Heavy Fuel Oil | $130-133 | |
| Naphtha | $341-346 | +9 |
| Petroleum Argus Estimates | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $373.00 | -2.25 |
| Silver (per troy oz)♣ | 418c | -6 |
| Platinum (per troy oz) | $418.60 | -7.15 |
| Palladium (per troy oz) | $94.75 | |
| Aluminium (free market) | $1940 | +5 |
| Copper (US Producer) | 132c | -1 |
| Lead (US Producer) | 50c | |
| Nickel (free market) | 415c | |
| Tin (Kuala Lumpur market) | 16.48r | -0.03 |
| Tin (New York) | 287c | -1 |
| Zinc (US Prime Western) | 70c | |
| Cattle (live weight)† | 101.79p | +1.36* |
| Sheep (dead weight)† | 134.28p | +10.2* |
| Pigs (live weight)† | 88.38p | -6.02* |
| London daily sugar (raw) | $248.8q | -7.8 |
| London daily sugar (white) | $306.0q | -4.0 |
| Tate and Lyle export price | £335.00 | -4.0 |
| Barley (English feed) | £118v | |
| Maize (US No. 3 yellow) | £157.25 | |
| Wheat (US Dark Northern) | £91 | |
| Rubber (Dec)♥ | 60.50p | +0.25 |
| Rubber (Jan)♥ | 60.75p | +0.25 |
| Rubber (KL RSS No 1 Nov) | 257.0m | |
| Coconut oil (Philippines)§ | $317.5w | |
| Palm Oil (Malaysian)§ | $312.5q | |
| Copra (Philippines)§ | $212.5t | +0.5 |
| Soyabeans (US) | £139.5 | -1.0 |
| Cotton "A" index | 82.40c | |
| Woolltops (64s Super) | 408p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Jan. u-Oct/Dec v-Nov. w-Dec/Jan z-Jan/Mar y-Dec. ¶Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

| SUGAR – London FOX | | ($ per tonne) | |
|---|---|---|---|
| Raw | Close | Previous | High/Low |
| Dec | 215.00 | 219.00 | 216.20 213.20 |
| Mar | 209.60 | 214.00 | 214.80 207.00 |
| May | 210.60 | 214.80 | 215.00 207.60 |
| Aug | 212.60 | 217.00 | 216.60 212.00 |
| Oct | 213.40 | 218.00 | 214.20 212.60 |
| Mar | 214.00 | 219.60 | 217.60 210.40 |
| White | Close | Previous | High/Low |
| Mar | 297.5 | 300.6 | 300.0 295.5 |
| May | 293.0 | 297.0 | 297.0 290.5 |
| Aug | 297.0 | 298.0 | 298.0 290.0 |
| Oct | 287.0 | 288.0 | 287.5 284.0 |
| Dec | 284.0 | 286.0 | 284.0 282.0 |
| Mar | 281.5 | 285.0 | 279.0 |
| May | 280.0 | 285.0 | 285.5 278.5 |

Turnover: Raw 1719 (1288) lots of 50 tonnes. White 1401 (947).
Paris- White (FFr per tonne): Dec 1497 Mar 1487, May 1462, Aug 1517, Oct 1485

| CRUDE OIL – IPE | | | $/barrel |
|---|---|---|---|
| | Latest | Previous | High/Low |
| Dec | 32.45 | 33.50 | 34.70 32.00 |
| Jan | 31.20 | 32.80 | 32.90 31.10 |
| Feb | 30.25 | 30.85 | 33.00 30.25 |
| Mar | 30.86 | | 30.30 30.86 |
| IPE Index | 31.92 | 28.37 | |

Turnover: 23417 (28545)

| GAS OIL – IPE | | | $/tonne |
|---|---|---|---|
| | Latest | Previous | High/Low |
| Nov | 294.50 | 292.00 | 310.00 290.50 |
| Dec | 288.50 | 288.25 | 310.00 281.75 |
| Jan | 276.75 | 275.50 | 301.00 273.00 |
| Feb | 266.00 | 260.50 | 292.25 265.00 |
| Mar | 250.00 | 248.00 | 280.00 250.00 |
| Apr | 238.00 | 231.00 | 254.00 238.00 |
| May | 232.00 | 225.00 | 240.00 |

Turnover 15812 (16382) lots of 100 tonnes

**SPICES**
Nutmeg/mace – In Menado exporters of nutmegs and mace have formed a marketing group to achieve higher prices, reports Man-producten. In the meantime prices are firming up. Due to sudden shortage of mace stocks in Rotterdam and Hamburg, spot prices are well over US$5,000 per tonne, whereas supplies for shipment were still available at $2,575 cif. The Pimento market turned quiet after a flare up in activity during the first in half of October. For shipment resellers $1,340 cif. Ginger – China faces shortfall in both slices and whole, due to heavy consumption of fresh ginger. Cassia – no change.

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar and pound find support

THE CURRENCY market continued to move through a phase of consolidation and technical adjustment yesterday, as squaring of positions ahead of the week-end provided support for the dollar and sterling.

Action on the money market by the Bank of England, to reinforce the present interest rate structure, also helped sterling as the UK authorities made it clear that an early reduction in rates is not acceptable. Dealers also noted that no important UK economic news is expected next week and that this alleviated fears about holding sterling in the short term.

An easing of Eurodollar rates was based on optimism about congressional agreement on a package to cut the US budget deficit. This encouraged speculation that the Federal Reserve may lower interest rates, but there was no obvious impact on the dollar.

At the London close the US currency was trading around resistance levels of Y127.90 and DM1.5165. It rose to Y128.00 from Y127.20 and to DM1.5160 from DM1.5135. The dollar also advanced to FFr5.0725 from FFr5.0670 and to SFr1.2805 from SFr1.2770. On Bank of England figures the dollar's index climbed to 60.6 from 60.3.

Sterling strengthened in general, improving its position within the European Monetary System exchange rate mechanism. According to figures released by the European Commission, the pound was 0.62 per cent above its central rate against the weakest placed Italian lira, compared with 0.21 per cent on Thursday. The highest member of the system was the Spanish peseta, 3.82 per cent above its central rate against the lira.

The French franc was firm in the ERM, testing the top of its established range against the D-Mark. Flows of capital into Paris have pushed the D-Mark down to a three-year low against the franc. Last night in London the German currency fell to FFr3.3460 from FFr3.3480, dropping below a resistance level of FFr3.3465.

In Milan the D-Mark was fixed at L748.53 against the lira, little changed from its previous level of L748.45. The lira has been relatively stable of late despite remaining at the bottom of the ERM. There was no intervention by the Bank of Italy.

The Swedish krona was virtually unchanged against the D-Mark after the announcement of an austerity programme by the government in Stockholm and comments from Mr Alan Larsson, the finance minister, indicating that Sweden is keen to join the European Community. Mr Lars Danielsson, a government adviser, ruled out for the time being any link between the krona and the ERM.

### £ IN NEW YORK

| Oct.26 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.9540-1.9550 | 1.9505-1.9515 |
| 1 month | 0.98-0.96pm | 0.96-0.95pm |
| 3 months | 2.72-2.69pm | 2.70-2.67pm |
| 12 months | 8.40-8.30pm | 8.50-8.40pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

### CURRENCY MOVEMENTS

### CURRENCY RATES

### OTHER CURRENCIES

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.9540 | 1.9464 | 1.9231 | 1.9058 | 1.8722 |
| D-mark | 2.9650 | 2.9611 | 2.9281 | 2.9008 | 2.8621 |
| French Fr. | 9.9225 | 9.8904 | 9.8335 | 9.7708 | 9.7023 |
| Swiss Fr. | 2.5050 | 2.4928 | 2.4708 | 2.4450 | 2.4026 |
| Yen | 250.25 | 249.02 | 246.94 | 244.35 | 240.43 |

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

### POUND SPOT - FORWARD AGAINST THE POUND

### EMS EUROPEAN CURRENCY UNIT RATES

### EURO-CURRENCY INTEREST RATES

### EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## MONEY MARKETS

# Bank affirms 14%

INTEREST RATES tended to ease in London yesterday as the pound improved against its partners in the European Monetary System and the money market took note of a warning from Mr John Major, chancellor of the exchequer, that the UK economy may have moved into recession.

Nevertheless, the Bank of England indicated that there is little prospect of an early cut in bank base rates by lending funds to the money market at the existing base rate of 14 per cent. The authorities chose not to buy bills from the market in the afternoon, and the offer of 14 per cent loans was taken as an underlining of the present rate structure.

**UK clearing bank base lending rate 14 per cent from October 8, 1990**

Three-month sterling interbank eased to 13⅞-13¾ per cent from 13⅞-13¹³⁄₁₆, while 12-month money was 13⅛-12⅞ per cent compared with 13³⁄₁₆-13⅛.

Short sterling futures remained in a narrow range on Liffe. December delivery opened firmer at 86.61 and rose to a peak of 86.69, before closing at 86.66 against 86.59 previously.

Day-to-day credit was in fairly short supply on the money market. The Bank of England forecast a shortage of £850m and provided assistance to cover this sum. Before lunch the authorities bought £10m bills outright, by way of £5m Treasury bills in band 1 at 13⅞ per cent and £5m bank bills in band 1 at 13¾ per cent. In the afternoon the Bank of England declined to make further bill purchases, but said the discount houses could use their borrowing facilities at a rate of 14 per cent for seven days.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £713m, with a rise in the note circulation absorbing £490m. These outweighed exchequer transactions adding £305m to liquidity and bank balances above target of £70m.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 13.1273 from 13.1897 per cent. The top accepted rate of discount declined to 13.1360 from 13.2162 per cent. This was equal to a price of £96.725 and bids at that level received around 76 per cent of the amount applied for. The £250m bills on offer attracted bids of £1.581m.

The average rate on £200m 182-day bills fell to 12.5152 from 12.5507 per cent and the rate on £200m 63-day bills declined to 13.3848 from 13.3978 per cent.

## FINANCIAL FUTURES AND OPTIONS

### LONDON (LIFFE)

### CHICAGO

### CAC-40 FUTURES (MATIF) Stock Index

| | Open | Close | Change | High | Low | Open int. |
|---|---|---|---|---|---|---|
| October | 1626.0 | 1612.0 | -28.0 | 1629.0 | 1609.0 | 7,274 |
| November | 1633.0 | 1616.0 | -29.5 | 1633.0 | 1613.0 | 4,094 |
| December | 1638.0 | 1638.0 | -12.0 | 1638.0 | 1638.0 | 440 |
| March | - | - | - | - | - | 0 |

Estimated volume 12,319 Total Open Interest 11,808

## BANK RETURN

| BANKING DEPARTMENT | Wednesday October 24 1990 | Increase or decrease for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | |
| Public Deposits | 48,045,536 | + 2,848,431 |
| Bankers Deposits | 1,716,488,057 | - 37,706,158 |
| Reserve and other Accounts | 1,936,130,431 | - 157,385,986 |
| | 3,715,217,024 | - 188,243,714 |
| ASSETS | | |
| Government Securities | [illegible],113 | + 178,925,000 |
| Advances and other Accounts | 883,353,304 | - 345,811,557 |
| Premises Equipment & other Secs | 1,487,295,179 | - 12,444,586 |
| Notes | 5,133,798 | - 8,592,439 |
| Coin | 168,630 | - 20,132 |
| | 3,715,217,024 | - 188,243,714 |
| ISSUE DEPARTMENT | | |
| LIABILITIES | | |
| Notes in circulation | 15,594,866,202 | - 3,407,561 |
| Notes in Banking Department | 5,133,798 | - 6,592,439 |
| | 15,600,000,000 | - 10,000,000 |
| ASSETS | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 10,739,417,870 | - 724,710,928 |
| Other Securities | 4,840,567,030 | + 714,710,928 |
| | 15,590,000,000 | - 10,000,000 |

## FT LONDON INTERBANK FIXING

| (11.00 a.m. Oct.26) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 7⅞ | offer 8⅛ | bid 7⅞ | offer 8⅛ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## MONEY RATES

**NEW YORK**

| Lunchtime | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| | | One month | 7.46 | Three year | 7.94 |
| | | Two month | 7.52 | Four year | 8.10 |
| Prime rate | 10 | Three month | 7.39 | Five year | 8.21 |
| Broker loan rate | 9¾ | Six month | 7.51 | Seven year | 8.48 |
| Fed funds | 7⅞ | One year | 7.47 | 10-year | 8.63 |
| Fed funds at intervention | - | Two year | 7.78 | 30-year | 8.76 |

| Oct.26 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 8.00-8.10 | 8.15-8.25 | 8.20-8.35 | 8.45-8.55 | 8.55-8.70 | 8.00 |
| Paris | 9¾-10 | 9¾-9⅞ | 9¾-9⅞ | 9⅞-9⅞ | 10-10⅛ | 9.50 |
| Zurich | 6¾-7¼ | 7⅞-8 | - | 8-8¼ | - | - |
| Amsterdam | 8.00-8.12 | 8.12-8.22 | - | 8.40-8.50 | - | - |
| Tokyo | 7⅞-7⅞ | 7⅞-8 | - | 8⅛-8⅞ | - | - |
| Milan | 9⅞-10⅛ | 11-11⅛ | - | 11⅛-11⅜ | - | - |
| Brussels | 9.25 | 8⅞-8⅞ | - | 8⅞-9 | - | - |
| Dublin | 10-10⅛ | 9⅞-10⅛ | 9⅞-10⅛ | 10-10⅛ | 10⅛-10⅜ | - |

## LONDON MONEY RATES

| Oct 26 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 14⅛ | 14 | 14 | 13⅞ | 13⅞ | 13⅛ |
| Interbank Bid | 12½ | 13¾ | 13¾ | 13[illegible] | 13[illegible] | 12[illegible] |
| Sterling CDs | - | - | 13[illegible] | 13[illegible] | 13½ | 12[illegible] |
| Local Authority Deps. | 13⅞ | 13[illegible] | 13[illegible] | 13[illegible] | 13⅞ | 13⅛ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps. | 14 | 13¾ | 13[illegible] | 13⅛ | - | - |
| Company Deposits | - | - | 14 | 13[illegible] | 13[illegible] | 13⅛ |
| Finance House Deposits | - | - | 13[illegible] | 13[illegible] | 13½ | 13 |
| Treasury Bills (Buy) | - | - | 13[illegible] | 13[illegible] | - | - |
| Bank Bills (Buy) | - | - | 13[illegible] | 13[illegible] | 12[illegible] | - |
| Fine Trade Bills (Buy) | - | - | 14⅛ | 13[illegible] | 13⅛ | - |
| Dollar CDs | - | - | 7.97 | 8.02 | 8.02 | 8.05 |
| SDR Linked Dep. Offer | - | - | 9⅞ | 9⅛ | 9⅛ | 9⅞ |
| SDR Linked Dep. Bid | - | - | 9 | 9⅛ | 9⅛ | 9⅞ |
| ECU Linked Dep. Offer | - | - | 9[illegible] | 9⅞ | 10⅛ | 10⅛ |
| ECU Linked Dep. Bid | - | - | 9[illegible] | 9⅛ | 9[illegible] | 10⅛ |

Treasury Bills (sell); one-month 13⅛ per cent; three months 13⅛ per cent; six months 12⅞ per cent; Bank Bills (sell); one-month 13⅞ per cent; three months 13⅛ per cent; Treasury Bills; Average tender rate of discount 13.1273 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 8 1990. Agreed rates for period Oct 24,1990 to Nov 25, 1990, Scheme I: 15.78 p.c., Schemes II & III: 16.21 p.c. Reference rate for period Sept 1,1990 to Sept 28, 1990, Scheme IV&V: 14.955 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from October 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 12 per cent; Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent.

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ANZ Bank | 14 | Coutts & Co | 14 | NatWestminster | 14 |
| Adam & Company | 14 | Cyprus Popular Bk | 14 | Northern Bank Ltd | 14 |
| Allied Trust Bank | 14 | Dunbar Bank PLC | 14 | Nykredit Mortgage Bank | 14½ |
| AIB Bank | 14 | Duncan Lawrie | 14 | Provincial Bank PLC | 15 |
| ● Henry Ansbacher | 14 | Equatorial Bank plc | 14 | Roxburghe Bank Ltd | 15½ |
| Associates Cap Corp | 15½ | Exeter Trust Ltd | 14½ | Royal Bk of Scotland | 14 |
| ● B & C Merchant Bank | 14 | Financial & Gen. Bank | 14 | Royal Trust Bank | 14 |
| Bank of Baroda | 14 | First National Bank Plc. | 16½ | ● Smith & Williamson Secs. | 14 |
| Banco Bilbao Vizcaya | 14 | ● Robert Fleming & Co. | 14 | Standard Chartered | 14 |
| Bank Credit & Comm | 14 | Robert Fraser & Ptnrs. | 14½ | TSB | 14 |
| Bank of Cyprus | 14 | Girobank | 14 | Unibank plc | 14 |
| Bank of Ireland | 14 | ● Guinness Mahon | 14 | ● United Bk of Kuwait | 14 |
| Bank of India | 14 | HFC Bank plc | 14 | United Mizrahi Bank | 14 |
| Bank of Scotland | 14 | ● Hambros Bank | 14 | Unity Trust Bank Plc | 14 |
| Banque Belge Ltd | 14 | Hampshire Trust Plc | 15½ | Western Trust | 14 |
| Barclays Bank | 14 | Heritable & Gen Inv Bnk. | 14 | Westpac Bank Corp. | 14 |
| Benchmark Bank | 15 | ● Hill Samuel | 14 | Whiteaway Laidlaw | 14 |
| Brit Bk of Mid East | 14 | C. Hoare & Co. | 14 | Yorkshire Bank | 14 |
| ● Brown Shipley | 14 | Hongkong & Shanghai | 14 | | |
| CL Bank Nederland | 14 | ● Leopold Joseph & Sons | 14 | | |
| ● Charterhouse Bank | 14 | Lloyds Bank | 14 | | |
| Citibank NA | 14 | Meghraj Bank Ltd | 14 | | |
| City Merchants Bank | 14 | McDonnell Douglas Bnk. | 14 | | |
| Clydesdale Bank | 14 | Midland Bank | 14 | | |
| Comm. Bk. of London Plc | 14 | Mount Banking | 14 | | |
| Co-operative Bank | *14 | Nat Bk. of Kuwait | 15 | | |

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# MONEY MARKET FUNDS

### Money Market Trust Funds

### Money Market Bank Accounts

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

*Unless otherwise indicated prices are in pence.* The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## British Funds, etc
No. of bargains included 2200

Exchequer 10½% Stk 2005 – £94⅝ (23Oc90)

Guaranteed Export Finance Corp PLC 12⅛% Gtd Ln Stk 2002(Reg) – £107⅝ ⅝ ¾ ⅝

## Corporation and County Stocks

## UK Public Boards

## Foreign Stocks, Bonds, etc-(coupons payable in London)

Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 – 289 (22Oc90)

Barclays PLC ADR (4:1) – $25¾♦ .748041♦

Barclays Bank PLC 7¼% Uns Cap Ln Stk 86/91 – 297

8¼% Uns Cap Ln Stk 88/93 – 282 7 8

12% Uns Cap Ln Stk 2010 – 295 (22Oc90)

16% Uns Cap Ln Stk 2002/07 – 2116¾ ¾ ½ ⅝ 7 ¼

Commerzbank AG Cdbr(len Warburg)

## Breweries and Distilleries

## Registered Housing Associations

## Commercial, Industrial, etc

## Sterling Issues by Overseas Borrowers

## Banks and Discount Companies

## Financial Trusts, Land, etc

## Insurance

## Investment Trusts

## Unit Trusts

## Mines – Miscellaneous

## Mines – South African

## Railways

## Shipping

## Oil

## Property

## Utilities

## Water

## Miscellaneous Warrants

## USM Appendix

## The Third Market Appendix

## Rule 535(2)

Yates Bros Wine Lodges PLC Ord 25p – 21 (22Oc90)

**RULE 535 (4) (a)**

**Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

Berjuntai Tin Dredging M$2.5 (23/10)

Boise Cascade Corp. £11.25032 ♦ (25/10)

Boral Ord. Stk. A$3.03 3.141 3.146 (24/10)

City Developments S$2.54471 (24/10)

Dainippon Screen Manufacturing Co. Y1279.906 (23/10)

Denison Mines Class "B" NV C$0.98 ♦ 0.9889 (19/10)

Forest Laboratories $42.625 (22/10)

Granes Patch Mining A$0.41 (22/10)

Highveld Steel & Vanadium $3.3 (23/10)

Keystone International $23.7674 ♦ (22/10)

Kredietbank BF3310 3330 (24/10)

Kulim Malaysia Ord 25 ♦ (23/10)

Lawter International $12.625 12.75 (24/10)

Malaysian Plantations M$0.85 (23/10)

Northrop Corp. $8.133 ♦ (22/10)

Oil Search 21 (23/10)

Saab-Scania Ser "A" SK202.0 (23/10)

Stride Rite Corp £12.20915 ♦ (25/10)

*By Permission of the Stock Exchange Council*

## LONDON STOCK EXCHANGE

# Post-ERM gains finally abandoned

A FURTHER setback yesterday in a London stock market badly unnerved by new worries about the Gulf situation and by growing concern over the financial health of the UK corporate sector wiped out what was left of the gain scored since Britain's entry into the European exchange rate mechanism, three weeks ago.

This week's flood of dismal tales of actual or impending corporate problems gathered force but, significantly, traders commented that there were "many more stories about lines of stock on offer than there were actual shares for sale."

The main bearish factor was the tightening of tensions over the Gulf, reflected in a further rise in crude oil prices. Some UK media reports claimed that the US was seeking agreement for a "first strike" at Iraq. ((and also that some UK hospitals had been placed on contingency alert.)) London closed nervously, fearing that Wall Street's early loss of 17 Dow points in the new session might be extended after London traders had gone home.

The FT-SE Index ended with a loss of 25.6 points at 2,063.1, its lowest closing level since October 2. It closed at 2,070.4 on October 4, the day before ERM entry was announced, but had traded down to 2,033.5 on October 5 ahead of the news of ERM entry and a cut in base rates.

UK Government bonds, a shade easier at first on the increased tensions in the Middle East, brightened later as firmness in crude oil prices helped sterling. But traders said that inflationary pressures in the UK continued to unsettle sentiment.

Equity trading volume was moderate yesterday, and dealers ascribed the market's setback to persistent uncertainty rather than to any sudden change in investment sentiment. Seaq volume of 367.3m shares against Thursday's 323m was still on the low side even on the basis of recently depressed trading totals. The session was "one of gentle selling," although one leading securities house noted that its trading book was slanted towards the buy side.

S.G. Warburg commented that a slowdown in US corporate growth, cuts in UK spending plans and inflationary wage settlements have all helped undermine post-ERM euphoria, and that it continues to adopt a defensive strategy in equities.

County NatWest, a recent bull of UK equities, commented that a base is beginning to form around the FT-SE 2,070 area and remains convinced that falls in domestic inflation and interest rates next year will spur a re-rating of the equity sector.

At Kleinwort Benson, which took a bearish tack earlier this year, the strategy team remains committed to a Footsie trading range of 2,000 to 2,300.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Oct 8 | Oct 22 | Nov 5 |
| Option Declarations: | | |
| Oct 18 | Nov 1 | Nov 15 |
| Last Dealings: | | |
| Oct 19 | Nov 2 | Nov 16 |
| Account Day: | | |
| Oct 29 | Nov 12 | Nov 26 |

*New-time dealings may take place from 8.30 am two business days earlier.

# Forecasts on BAe trimmed

CONFIDENCE IN British Aerospace receded as several analysts took a bearish view and cut profit forecasts despite an announcement that the company had won a £3.4m defence order. The share price dipped 16 to 539p on a turnover of 1m.

Broker Hoare Govett downgraded its 1990 estimate by £10m to £375m and its 1991 figures to £415m from £450m. Analyst Mr Mike Tampin said the BAe property subsidiary Arlington was not expected to make any contribution this year but in the long term the stock had a good spread.

James Capel cut its 1990 estimate by £15m to £370m and its 1991 forecast by £45m to 420m and BZW downgraded its 1991 estimate to £440m from £470m.

### Brent Walker active

Shares in Brent Walker, the leisure group, fluctuated wildly as the market braced itself for the release of listing particulars on its £163.3m convertible capital bond issue. By mid-morning, the price had collapsed to 19p, having started the day at 72p, as a large sell order was placed. But by midday, the stock was back to 42½p before spending the next few hours around the 37p level. It closed at 45p, a loss of 27 from Thursday. The latest fall cuts the company's market capitalisation to £23.8m.

Delays in publishing details of the bond issue have been blamed on complications in the sale of the company's subsidiary Goldcrest, the independent film company, with Brent Walker anxious to include details of the sale in the document. The latter must be released 14 days before the November 15 deadline for a Stock Exchange listing, and is now expected on Monday or Tuesday, giving the company the minimum allowed time to call a shareholders meeting.

### Trafalgar busy

Many leading UK conglomerates and service groups were hit by stories of large lines of stock on offer and other bearish reports. According to one securities house, a competitor was attempting to place 8m shares of Trafalgar House. The market, still smarting from Thursday's ill-founded speculation concerning the Dartford Bridge project, became very concerned.

The price scurried lower, although the house named said it was actually a buyer of Trafalgar stock yesterday. Seaq trading screens showed only average trading volume in the shares which, after establishing a fresh 1990 low of 163p, recovered to end 12 down on the day at 171p.

The market is an ideal breeding ground for this kind of rumour, said one trader. "Because of recent corporate developments most of us are very edgy."

### ADT weakens

A report that the Attorney General would reply on Monday to questions tabled in parliament about Mr Michael Ashcroft and the Serious Fraud Office (SFO) applied pressure to the companies with which he is associated. Activity was especially heavy in ADT, the Bermuda-based conglomerate with security systems and car auctions businesses in Britain, of which Mr Ashcroft is chairman.

ADT subsequently stated that neither the company, its chairman nor any of its directors have had contact with, or been approach by, the SFO. It stressed that the balance sheet remained one of the strongest on any service group, and took advantage of the price weakness yesterday to buy 4.5m shares.

ADT shares rallied but later sank to 103p, down 5, after turnover of 17m shares. Privatised airports operator BAA, in which ADT's stake of around 8 per cent is up for sale, similarly failed in an attempted recovery and settled 13 lower at 368p.

Auctioneers Christies International, where ADT holds some 20 per cent, lost 8 to 213p and Lep Group, good recently on ADT stakebuilding – the current holding of over 27 per cent has aroused speculation of a bid – slipped back 7 to 162p.

The combination of Gulf war fears and higher sterling brought widespread falls among international blue chips. Nervousness was compounded by the still cautious reception accorded to ICI's third quarter results, announced on Thursday; with higher crude oil prices posing another disadvantage for ICI, brokerage analysts were mostly cool on the outlook for the blue chip chemical group.

The firmest support for ICI came from Hoare Govett which yesterday hosted a seminar addressed by the ICI chairman. Hoare rated ICI shares as undervalued on both yield and asset considerations; however BZW, the UK investment bank, referring to doubts on ICI's ability to maintain the dividend payment, continued to advised fund managers to lighten their holdings of the stock. With County NatWest against buying ICI at current levels, the share price was left to the mercy of a market clearly in bearish mood. At 815p, ICI dipped 10 on turnover of more nearly 2m shares.

Pharmaceuticals benefited from their perceived status as defensive stocks. Glaxo fared best, rising 6 against the trend of the market to 771p, but Smithkline Beecham (590p) and Fisons (361p) suffered only minor losses on the day.

A demand from P&O for a Stock Exchange inquiry into rumours that have dragged down the share price reversed a 14p fall and the stock closed 4 up on the day at 489p with a turnover of 1.7m. Eurotunnel also bounced back slightly after being 10 down at one stage. The announcement that the syndicate banks had signed the necessary Channel tunnel financing agreement softened the slide and the shares closed 5 down at 480p.

Disappointing results from Davies & Newman, the holding company of Dan Air, which showed an interim loss of £18.7m, down from a £7.6m loss for the same period last year, sent the shares down 35 to 115p and Associated British Ports was pushed back 28 to 199p on light profit taking after its recent bounce that was seen as a delayed reaction to the cut in the interest rate. Another rise in oil prices failed to give the oil majors much support. Shell fell 5 to 447p, while BP was off 1½ at 339½p. Mr Philip Lambert of Kleinwort Benson said the benefit of higher oil prices was diluted by the oil companies marketing and downstream operations. "With higher energy prices, the oil sector will outperform the rest of the stockmarket but may not actually rise."

Lasmo rose 9 to 457p as Kleinwort Benson recommended the stock. There were also suggestions that Lasmo had sold oil forward at more than $35 per barrel, compared with the current price of December Brent crude of just over $34.

Some leading insurers were depressed by a report by the UK Meteorological Office forecasting a major storm to hit Britain by late tomorrow or on Monday. The Met office said the gales could be as strong as those in January and February of this year which caused widespread structural damage and led to large insurance claims. Mr Chris Hitchings of Hoare Govett said the insurance sector was already having "a rotten year," underperforming the rest of the market. But he added that an increase in claims would be offset by higher insurance rates next year. Commercial Union was down 8 at 446p, while General Accident was off 7 at 446p.

Speculation swirled in the brewery sector. Grand Metropolitan lost out to rumours of 5m shares looking for a home and closed 15 down at 564p; brokers James Capel were said to have sold "a few million" shares of Grand Met and lesser amounts of Allied-Lyons. The latter dropped on fears that some holders of the convertible preference stock could convert in January and sell the resulting ordinary shares. Allied-Lyons ended 16 lower at 462p.

No evidence was found of a line of Guinness shares reported to be on offer, but the price went down just the same. It fell 18 to 694p.

Building stocks recorded a significant upturn in trading activity with a majority of selling orders. Blue Circle traded 5m shares as the price fell to 206p, a loss of 10, while McAlpine (Alfred) ended 14 lower at 269p and RMC 18 down at 580p.

BPB lost 10 to 164p after BZW revised its profits forecast to £95m from £114m. Mr Mark Gibbon of BZW said: "We continue to sell these (shares), for even when the sector as a whole recovers, BPB will still be facing increased competitive pressure." Trading was active, with a total of 4.4m shares changing hands.

Laporte encountered profit-taking after the recent good run and fell 14 to 486p. Yorkshire Chemicals also lost ground on suspicions that an investment house had shaved its profits forecast and closed 16 off at 391p.

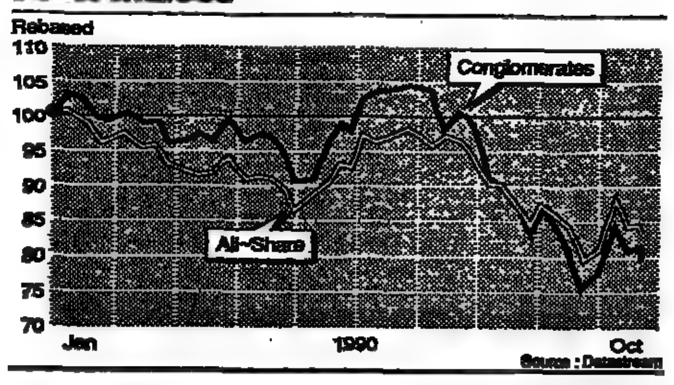
The telecoms groups fell with the market with BT holding up slightly better after recent falls and easing only 1 to 282p, Cable & Wireless dipping 4 to 407p and Racal Electronics slipping 5 to 162¼. Racal Telecom lost 13 to 269p. Hawker Siddeley picked up two to 396p on the back of presentations and a feeling that the stock had been oversold. Analysts said investors appeared recently to have forgotten how well it weathered the last recession. GKN lost 17 to 301p on concern about exposure in Europe and speculation that it was about to be the subject of a profit downgrading following recent downgradings for its rival, Lucas, and other companies in the sector.

Reed International slipped 9 to 347p ahead of next week's interim profit figures and worries about the effect of a weaker dollar on a major dollar earner. Bunzl, the packaging company, eased 2 to 61p because an institution had failed to place a block of 2.5m shares on Thursday, analysts said. Property stocks lost ground in relatively busy trading. Sentiment was not helped by news that the police were investigating alleged corrupt land deals involving Liverpool City Council. Among leading stocks, Land Securities lost 12 to 502p while MEPC ended 14 lower at 470p. British Land was again sold, and lost 3 to 277p as 2.1m shares changed hands.

News that Thames Water is about sell the Perry Oaks sewage works near Heathrow to airport owners BAA pushed the share 2 firmer to 237p. The move will give BAA a stronger position if it decides to press for a fifth terminal at the airport.

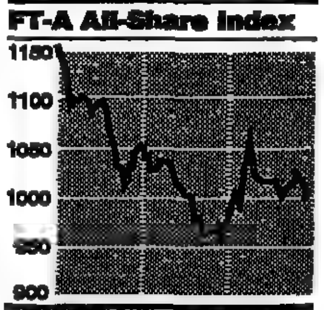
■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 8.

### FT-A Indices



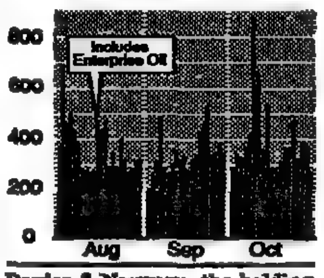

The Composite sector of the FT-Actuaries Index outperformed the rest of the market earlier this year but headed the retreat after being downgraded by a number of UK brokerage houses. In recent weeks, the sector has begun to lag the market.

### FT-A All-Share Index




### Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover




### FINANCIAL TIMES STOCK INDICES

| | Oct 26 | Oct 25 | Oct 24 | Oct 23 | Oct 22 | Year Ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 79.98 | 80.05 | 79.95 | 79.87 | 79.76 | 84.37 | 84.20 (2/1) | 74.13 (30/4) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 88.78 | 88.75 | 88.86 | 88.88 | 88.80 | 93.67 | 92.91 (8/1) | 83.80 (30/4) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1598.4 | 1617.5 | 1638.9 | 1654.7 | 1633.6 | 1678.5 | 1968.3 (3/1) | 1510.4 (24/9) | 2008.6 (5/9/89) | 49.4 (26/6/40) |
| Gold Mines | 170.8 | 172.7 | 169.6 | 169.0 | 168.4 | 209.5 | 378.5 (8/2) | 163.2 (15/6) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2063.1 | 2088.7 | 2110.5 | 2127.0 | 2102.0 | 2082.1 | 2463.7 (3/1) | 1990.2 (28/9) | 2463.7 (3/1/90) | 986.9 (23/7/84) |
| Ord. Div. Yield | 5.99 | 5.92 | 5.85 | 5.79 | 5.87 | 4.92 | | | | |
| Earning Yld %(full) | 12.47 | 12.34 | 12.18 | 12.07 | 12.22 | 11.85 | | | | |
| P/E Ratio(Net)(☆) | 9.71 | 9.82 | 9.95 | 10.04 | 9.91 | 10.20 | | | | |
| SEAQ Bargns 4.45pm | 19,292 | 18,778 | 18,510 | 19,004 | 18,967 | 28,898 | | | | |
| Equity Turnover(£m)† | - | 576.05 | 653.48 | 650.80 | 581.35 | 1088.22 | | | | |
| Equity Bargains† | - | 15,637 | 17,789 | 18,448 | 18,241 | 27,858 | | | | |
| Shares Traded (ml)† | - | 272.4 | 375.0 | 383.4 | 319.8 | 529.7 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.58

Ordinary Share Index, Hourly changes Day's High 1609.6 Day's Low 1589.7

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1609.6 | 1607.1 | 1605.0 | 1603.6 | 1599.0 | 1596.2 | 1590.2 | 1593.1 | 1595.3 |

FT-SE, Hourly changes Day's High 2079.8 Day's Low 2057.0

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2079.8 | 2078.9 | 2075.2 | 2072.6 | 2067.8 | 2064.6 | 2057.5 | 2060.5 | 2062.1 |

### GILT EDGED ACTIVITY

| Indices* | Oct 25 | Oct 24 |
|---|---|---|
| Gilt Edged Bargains | 106.2 | 93.9 |
| 5-Day average | 98.9 | 98.0 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

### TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADT | 17,000 | 103 | -5 | Cookson | [illegible] | 74 | -1 | MEPC | [illegible] | 470 | -14 | Smith & Nephew | 2,300 | 105½ | -1 |
| ASDA Group | 2,600 | 121 | -2 | Courtaulds | 547 | 312 | -3 | Manpower | 167 | 46 | | SmKl Beecham | 3,300 | 590 | -2 |
| Abbey National | 2,000 | 213½ | -½ | Dalgety | 175 | 348 | -5 | Marks & Spencer | 799 | 230 | +½ | SmKl Beecham Units | 33 | [illegible] | |
| Allied-Lyons | 3,000 | 462 | -16 | Dixons | 2,100 | 137 | -5 | Maxwell Comms. | 1,000 | 150 | -1½ | Smiths Inds. | 1,500 | 214 | |
| Amstrad | 755 | 38 | -3 | ECC Group | 805 | 384 | -10 | Midland Bank | 1,800 | 190 | -4 | South West Water | 137 | 330 | +1 |
| Anglian Water | 254 | 226 | +1 | Enterprise Oil | 1,300 | 607 | -2 | NatWest Bank | 2,800 | 255 | -7 | Southern Water | 141 | 304 | +1 |
| Argos | 1,400 | 240 | -3 | FKI | 1,800 | 48 | -1 | Next | 387 | 29 | | Standard Chartd | 1,480 | 308 | -10 |
| Argyll Group | 1,400 | 244 | -3 | Ferranti | 7,500 | 17 | -1 | North West Water | 218 | 233 | -1 | Storehouse | 3,000 | 122 | -6 |
| Ass. Brit. Foods | 159 | 380 | -3 | Fisons | 1,500 | 357 | -7 | Northern Foods | 475 | 350 | | Sun Alliance | 2,700 | 309 | |
| BAA | 1,300 | 368 | -13 | Gen. Accident | 486 | 446 | -7 | Northumbrian Water | 23 | 248 | | Sun Life | 29 | 1010 | -6 |
| BAT Inds. | 4,300 | 549 | -16 | General Elect. | 1,300 | 185 | -½ | Pearson | 340 | 643 | | TSB | 730 | 160 | -3 |
| BET | 1,600 | 168 | -12 | Glaxo | 2,300 | 771 | +6 | P & O | 1,700 | 489 | +4 | TI Group | 480 | 401 | -1 |
| [illegible] | | | | | | | | | | | | | | | |
| British Steel | 3,100 | 120½ | | Kingfisher | 1,700 | 385 | | STC | 1,100 | 289 | -1 | Welsh Water | [illegible] | [illegible] | |
| British Telecom | 2,300 | 282 | -1 | Ladbroke | 5,900 | 275 | -5 | Saatchi | 402 | 36½ | +1½ | Wessex Water | 187 | 291 | +2 |
| Bunzl | 377 | 61 | -2 | Land Securities | 1,300 | 502 | -12 | Sainsbury | 379 | 380 | -2 | Whitbread 'A' | 1,600 | 448 | -10 |
| Burmah Castrol | 365 | 486 | -4 | Laporte | [illegible] | 486 | -14 | Scottish & New. | 1,700 | 350 | -8 | Wiggins Teape | 1,500 | 157 | -3 |
| Burton | 891 | 69½ | | Legal & General | 310 | 329 | -6 | Sears | 843 | 69½ | | Williams Hldgs. | 1,200 | 212 | -10 |
| Cable & Wire. | 1,300 | 407 | -4 | Lloyds Abbey | 165 | 320 | | Sedgwick | 456 | 203 | +1 | Willis Corroon | 1,400 | 227 | -6 |
| Cadburys | 742 | 312 | -2 | Lloyds Bank | 2,000 | 336 | -11 | Severn Trent Water | 446 | 305 | +1 | Wimpey | 480 | 165 | -7 |
| Calor Group | 40 | 324 | | LASMO | 1,600 | 457 | +9 | Shell Transport | 5,000 | 447 | -5 | Yorkshire Water | 269 | 326 | +4 |
| Carlton Comms. | 332 | 319 | -8 | Lonrho | 1,500 | [illegible] | -4 | Siebe | 541 | 264 | -10 | | | | |
| Coats Viyella | 400 | 109 | -5 | Lucas | 2,100 | 115 | -3 | Slough Ests | 187 | 235 | -7 | | | | |
| Comm. Union | [illegible] | 446 | -8 | MB Group | 375 | 188 | -2 | Smith (W.H.) A | 825 | 309 | -10 | | | | |

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

### NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (3). BRITISH FUNDS (2) TRUSTS (1).

NEW LOWS (137). AMERICANS (5) BANKS (4) BREWERS (1) BUILDINGS (11) CHEMICALS (5) STORES (9) ELECTRICALS (4) ENGINEERING (8) FOODS (3) HOTELS (2) INDUSTRIALS (28) ADT, Abbeycrest, Aberfoyle, Anglo Utd., Black Arrow, Bluebird Toys, British Fittings, Brown & Tawse, Cannon Street Invs., Crosta, Dauphin, Dean & Bowes, Dyson (J & J) A, Electrolux, Erskine House 7¼pc Prf., Grampian, Johnston Group, McLeod Russel, Morgan Crucible 7.5pc Cv. Pf., PCT, RPS, Reuters, Scot. Heritable Tst., Southern Business, Trafalgar House, Wilkes (J.), Wiltshire, Young (H.). LEISURE (4) MOTORS (8) NEWSPAPERS (3) PAPERS (3) PROPERTY (2) TEXTILES (2) TRANSPORT (2) TRUSTS (20) WATER (1) OILS (4) OVERSEAS TRADERS (1) PLANTATIONS (1) MINES (8) THIRD MARKET (4).

### RISES AND FALLS

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 15 | 56 | 18 | 278 | 73 | 98 |
| Corps. Dom. & Foreign Bonds | 1 | 4 | 16 | 15 | 16 | 74 |
| Industrials | 131 | 818 | 908 | 1,357 | 1,678 | 4,783 |
| Financial and Props | 75 | 274 | 392 | 790 | 760 | 2,159 |
| Oils | 20 | 27 | 42 | 111 | 115 | 218 |
| Plantations | 0 | 3 | 7 | 8 | 8 | 34 |
| Mines | 27 | 31 | 95 | 203 | 164 | 418 |
| Others | 50 | 82 | 81 | 356 | 281 | 432 |
| Totals | 319 | 993 | 1,557 | 3,118 | 3,095 | 8,162 |

### LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday October 25 1990

| | | | | | |
|---|---|---|---|---|---|
| Water | - | 0.25 | Transport | - | 19.94 |
| Stores | - | 1.23 | Textiles | - | 20.46 |
| Food Retailing | - | 1.38 | Conglomerates | - | 20.70 |
| Brewers and Distillers | - | 2.34 | Financial Group | - | 20.79 |
| Oil & Gas | - | 6.13 | Investment Trusts | - | 21.84 |
| Consumer Group | - | 10.10 | Publishing & Printing | - | 23.09 |
| Health and Household | - | 10.41 | Capital Goods | - | 23.85 |
| Insurance (Life) | - | 12.45 | Property | - | 23.86 |
| Packaging & Paper | - | 13.16 | Insurance (Composite) | - | 24.01 |
| Food Manufacturing | - | 13.52 | Engineering-General | - | 25.79 |
| Engineering-Aerospace | - | 13.87 | Contracting, Construction | - | 26.19 |
| 500 Share Index | - | 15.00 | Insurance (Brokers) | - | 27.38 |
| Telephone Networks | - | 16.14 | Merchant Banks | - | 28.05 |
| All-Share Index | - | 16.18 | Leisure | - | 28.07 |
| Building Materials | - | 16.43 | Motors | - | 28.44 |
| Industrial Group | - | 16.47 | Electricals | - | 29.46 |
| Metals & Metal Forming | - | 16.53 | Overseas Traders | - | 29.50 |
| Banks | - | 18.18 | Other Industrial Materials | - | 33.24 |
| Electronics | - | 18.46 | Agencies | - | 36.02 |
| Other Groups | - | 19.62 | Gold Mines Index | - | 44.13 |
| Chemicals | - | 19.78 | | | |

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 09/92 | 102-29 | +03/32 | 11.73 | 12.00 | 12.59 |
| | | 9.000 | 03/00 | 86-11 | +02/32 | 11.40 | 11.54 | 11.91 |
| | | 9.000 | 10/08 | 84-28 | +01/32 | 10.94 | 11.07 | 11.27 |
| US TREASURY * | | 8.750 | 08/00 | 100-22 | -05/32 | 8.64 | 8.61 | 9.00 |
| | | 8.750 | 08/20 | 99-22 | -09/32 | 8.78 | 8.75 | 9.13 |
| JAPAN | No 119 | 4.800 | 6/99 | 4.0065 | -0.753 | 7.92 | 7.79 | 8.70 |
| | No 129 | 6.400 | 03/00 | 3.3704 | -0.719 | 7.81 | 7.81 | 8.26 |
| GERMANY | | 8.500 | 08/00 | 6.8200 | -0.130 | 8.98 | 8.97 | 9.12 |
| FRANCE | BTAN | 9.000 | 11/95 | 5.4431 | -0.249 | 10.19 | 10.13 | 10.48 |
| | OAT | 8.500 | 03/00 | 9.4900 | -0.380 | 10.28 | 10.22 | 10.64 |
| CANADA * | | 10.500 | 07/00 | 8.4000 | +0.350 | 11.11 | 11.15 | 11.43 |
| NETHERLANDS | | 9.000 | 10/00 | 8.8300 | -0.080 | 9.18 | 9.18 | 9.30 |
| AUSTRALIA | | 13.000 | 07/00 | 7.7580 | -0.398 | 13.41 | 13.40 | 13.71 |

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

## COMMODITIES

WEEK IN THE MARKETS

# Stocks fall boosts copper prices

YESTERDAY'S LONDON Metal Exchange stocks report was mildly bullish for the copper and aluminium markets. The copper stocks fall was somewhat bigger than had been anticipated while the aluminium stocks rise was much smaller than feared.

The copper market spent the early part of the week edging higher, but the modest gains were quickly eliminated after the New York market ran up against a chart barrier at 128 cents a lb. Chart support was found after the price had fallen back only a few cents, however, and yesterday's news of an 8,400 fall in LME stocks (a 5,000-tonne decline had been widely predicted) was enough to lift the cash price by £31.50 to £1,407.50 a tonne, up £23.50 on the week.

This week has seen 13,475 tonnes of copper withdrawn from LME stocks, which last week reached a five-year high of 197,500 tonnes. But some of the fall represents a switch to the warehouses of the New York Commodity Exchange (Comex), where an attractive premium has been on offer. Comex stocks, which had been at a five-month low, rose this week by 2,196 short tons to 7,212 short tons.

The aluminium market began the week by shedding some of last week's gains. As consumer buying interest dried up and further deliveries were awaited into already-overstocked LME warehouses the cash price dipped by $87 on Monday to $1,880.50 a tonne. Trade buying was encouraged by the fall, however, in spite of the announcement of a 7,075-tonnes stocks rise on Monday. By Thursday's close $42 of the decline had been recouped, notwithstanding predictions of a further addition of between 15,000 and 30,000 to LME stocks.

| LME WAREHOUSE STOCKS (tonnes) | | |
|---|---|---|
| Aluminium | +1,650 | to 169,725 |
| Copper | -8,408 | to 184,025 |
| Lead | -125 | to 45,675 |
| Nickel | -750 | to 3,618 |
| Zinc | -1,125 | to 59,650 |
| Tin | [illegible] | to 11,170 |

The 1,650-tonne rise to 169,725 tonnes reported yesterday came as a pleasant surprise, but traders were not getting too carried away. With most still expecting the predicted deliveries to arrive within a week or two the cash price's advance was limited to $40, taking it to $1,962.50 a tonne, still $5 down on the week.

The cash nickel price moved back above $9,000 a tonne this week, but dealers said this was because of "manipulation by influential operators," which was obscuring bearish the fundamental situation. As speculative buying absorbed sporadic commission house liquidation the cash price gained $575 to $9,100 a tonne. LME stocks of nickel fell by 1,410 tonnes on the week to 3,618 tonnes.

In the continued absence of significant consumer demand, despite the approach of the northern hemisphere car battery replacement season, lead prices continued their decline. The cash LME price closed yesterday at a 1990 low of £372 a tonne, down £12.50 on the week, and has now fallen by £58 in three weeks.

At the London bullion market the gold price tracked crude oil for most of the week. But it lost the scent yesterday, losing $2.25 to end just 50 cents up on balance at $373 a troy ounce. Platinum's premium over the yellow metal widened out a little with a $7.30 rise to $418 an ounce, despite falling by $7.75 yesterday.

The world sugar market was enlivened on Thursday by talk that India planned to export 500,000 tonnes instead of the 200,000 tonnes suggested earlier. But the price response was fairly muted. The London daily raws price, which had earlier rallied to $264 a tonne, was fixed yesterday morning at $248.80 a tonne, $9.20 down on the week.

"I dont think it (the Indian export talk) was taken that seriously as the market didn't react that quickly and that much," commented one trader.

In late afternoon trading at the London Futures and Options Exchange yesterday the March delivery sugar futures contract was down nearly $6.

The cocoa futures market had a fairly edgy week as the underlying bearish fundamentals were balance against worries about the political situation in some producing countries.

Having failed to hold an early rally on Monday, following last Friday's sharp fall, prices moved up cautiously, mainly reflecting uncertainty about the outlook for the Ivory Coast, the world's biggest producer, where a general election is to be held tomorrow. At last night's close the March futures position was quoted at £723 a tonne, down £5 on the day but £19 up on the week.

The January coffee futures price fell to a 10-week low of £565 a tonne on Monday morning, but that appeared to mark the end of the recent flurry of speculative selling.

**Richard Mooney**

## APPOINTMENTS

# Independent Mortgages Corporation board posts

■ INDEPENDENT MORTGAGES CORPORATION, Solihull, has appointed Mr Richard Lacy (pictured) as chairman and chief executive. He was chief executive of National Home Loans Holdings. Mr Eugene Jackson, who becomes a non-executive director, is head of the banking and securities department at Needham & James; Mr Robert Luty, also non-executive, is chairman of the Corporation of Insurance and Financial Advisors. Mr Robert Sayer has been appointed company secretary. He is senior partner of Sayer Moore & Co.

■ Mr Alan McLaren has been appointed managing director of UCB CONFIDENTIAL INVOICE DISCOUNTING, a subsidiary of UCB Group.

■ PRICE WATERHOUSE has appointed Mr Bill Kirst as partner responsible for its wholly-owned practice in Warsaw, Poland. He was with Smith International Inc, an oil services company based in Houston, Texas.

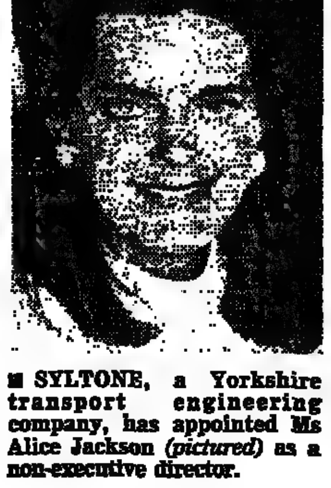
■ COMPUTING SERVICES FOR INDUSTRY has appointed Mr Ian Bainbridge as managing director, and Mr David Terrar as sales director.

■ Mr Brian Francis Burns has been elected to the board of HORACE CLARKSON and appointed group finance director. He was a partner with Arthur Young.

■ NORWICH UNION has appointed Mr Stephen Fawcett as central recruitment and manpower planning manager, a new post. He was personnel manager, international division, Prudential Corporation.

### Barlo Group directors

BARLOW GROUP has appointed Mr Rodney Hine as national sales director. He was sales and marketing director at ROM. Mr Jeremy Beleff has rejoined as group marketing director. He was managing director of Carnation.



■ SYLTONE, a Yorkshire transport engineering company, has appointed Ms Alice Jackson (pictured) as a non-executive director.

## CONTRACTS

# Upgrading Hoover factory

EMSTAR, a subsidiary of Shell UK, has signed a ten-year £14m contract to modernise the energy systems at Hoover's Merthyr Tydfil factory. With savings for Hoover of £100,000 per year, the contract is to upgrade and manage the heating, lighting and hot water systems on the site. In some areas it is expected that the new energy management plant will reduce energy use by up to 50 per cent.

### Whessoe wins mixed bag

WHESSOE PROJECTS, a division of Whessoe, has won a series of contracts worth £12m to provide project management for customers worldwide. Work involves a major part of the £50m British package led by Kvaerner Boving to supply hydro-mechanical equipment to the National Hydro-Power Corporation of India; new storage facilities and refubishment work in the UK for ICI, Texaco, Amoco and Gulf Oil; and dismantling, rehabilitating and rebuilding a wind tunnel facility for British Aerospace. Other orders include rehabilitation of a refrigerated propylene storage facility in Belgium and provision of a jetty and floating pontoon for the Ministry of Fisheries in Mozambique.

* * *

Barclays Registrars has confirmed its long-term commitment to ICL, information systems subsidiary of STC, with an order worth £2.5m. Barclays will design and implement a share registration system, the first major development on ICL computers in the Barclays Group for over a decade. It will replace applications currently running on IBM and Honeywell equipment.

### Southern Water improvements

A £9m contract to upgrade eight water treatment sites for Southern Water has been won by SIMON-HARTLEY, part of the Simon Group. The upgrading will enable the sites to meet the latest pollution control standards.

* * *

SULZER (UK) PUMPS, Leeds, has won orders, valued at £2m, for equipping the Piper production platform with more than 20 pumps for a variety of process duties. The contracts were awarded by Brown & Root Vickers on behalf of the operators, Occidental Petroleum (Caledonia).

### Dressing British Airways staff

Family company DEWHIRST CORPORATE CAREERWEAR of Tyneside has beaten worldwide competition to win an £8m three-year contract with British Airways to dress its 30,000 flying and ground staff.

* * *

Three of the largest Austrian banks have decided to install ROLFE AND NOLAN software worth over £350,000. They are Girozentrale, Die Erste Osterreichische Spar-Casse and Zentralsparkasse.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128.

## AUTHORISED UNIT TRUSTS

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Centre Point,

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**Target Trust Mngrs Ltd (1600)F**
Target Hse, Gatehouse Rd, Aylesbury, Bucks
Admin: 0296 394000 Dealing: 0296 312156

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| American Eagle | 5 | 56.26 | 56.26 | 60.08 | -0.43 | 1.29 |
| Australia | 5 | 5.396 | 5.396 | 5.777 | -0.01 | 4.62 |
| Equity | 5 | 138.3 | 138.3 | 148.6 | -1.4 | 5.18 |
| Euro Spec Sits | 5 | 98.09 | 98.09 | 105.4 | -2.0 | 0.68 |
| Financial | 5 | 24.21 | 24.21xd | 26.07 | -0.30 | 3.33 |
| Global Opps Inc | 5 | 56.94 | 56.94xd | 61.18 | -0.90 | 0.00 |
| Global Opps Acc | 5 | 57.37 | 57.37 | 61.64 | | 0.00 |
| Gold & Gen Inc | 5 | 35.85 | 35.85xd | 38.58 | +0.05 | 1.04 |
| Gold & Gen Acc | 5 | 66.81 | 66.81 | 71.82 | +0.07 | 1.04 |
| Income | 5 | 85.57 | 85.57xd | 92.06 | -1.22 | 6.73 |
| Japan & General | 5 | 117.1 | 117.1 | 125.9 | -2.5 | 0.00 |
| Preference Share | 5 | 17.35 | 17.64xd | 18.97 | +0.25 | 13.99 |
| UK Capital | 5 | 76.01 | 76.01 | 81.61 | -0.89 | 4.28 |
| World Income | 5 | 52.26 | 52.26xd | 56.06 | -0.94 | 6.30 |
| Worldwide Capital | 5 | 144.7 | 144.7 | 155.7 | -2.0 | 3.51 |

**Templeton Unit Trust Managers Ltd (1200)F**
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| Global Growth Acc | 6 | 90.65 | 91.31 | 97.66 | -0.47 | 3.71 |
| Global Growth Inc | 6 | 87.20 | 87.73 | 93.83 | -0.45 | 3.71 |
| Global Balanced Acc | 6 | 91.21 | 91.68 | 98.05 | -0.51 | 4.94 |
| Global Balanced Inc | 6 | 84.97 | 85.41 | 91.35 | -0.85 | 4.94 |
| Value Tst Acc | 6½ | 67.19 | 68.24 | 72.98 | -0.49 | 4.74 |
| Value Tst Inc | 6½ | 65.51 | 66.53 | 71.16 | -0.66 | 4.74 |
| Intl Pen & Ch'Dist Inc | 2 | 88.52 | 89.82 | 94.30 | | 3.84 |
| Intl Pen & Ch'ties Acc | 2 | 85.42 | 86.66 | 91.00 | | 3.84 |

**Thornhill Unit Trust Managers Ltd (1200)F**
28 St John's Sq, London EC1M 4AE 071-251 6767

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| Capital | 5 | 46.37 | 46.63 | 49.60 | | |
| Overseas | 5 | 39.95 | 40.11 | 42.66 | | |

**Thornton Unit Managers Ltd (1800)F**
33 Cavendish Sq., London W1M 0DH 071-493 7262
Dealing 071-493 8545

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| American Opps | 5 | 40.24 | 40.24 | 42.91 | -0.35 | 0.26 |
| (Accum Units) | 5 | 41.41 | 41.41 | 44.16 | -0.36 | 0.26 |
| Cash | 0 | 50.75 | 50.75 | 50.75 | +0.01 | 13.67 |
| Accum Units | 0 | 50.75 | 50.75 | 50.75 | +0.01 | 13.67 |
| European Opps | 5 | 58.64 | 58.64 | 62.40 | -1.07 | 0.00 |
| (Accum Units) | 5 | 58.96 | 58.96 | 62.74 | -1.08 | 0.00 |
| Far Eastern Opps | 5 | 103.05 | 103.33 | 110.21 | -0.51 | 0.00 |

**Murray Johnstone UT Mngmt**
Murray Exempt Funds

| | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|
| Amer Exmpt Oct 23 | 37.2 | 38.6 | | 2.80 |
| Euro Expt Oct 23 | 47.3 | 49.6 | | 3.00 |
| Fixed Int Ex Oct 23 | 43.6 | 44.8 | | 10.66 |
| Japan Exmt Oct 23 | 42.9 | 44.7 | | 0.88 |
| Managed Ex Oct 24 | 38.2 | 39.7xd | | 5.41 |
| SE Asia Exmt Oct 23 | 56.0 | 58.8xd | | 4.57 |
| Sm Cos Exmt Oct 23 | 29.7 | 31.1 | | 4.94 |
| UK Eqty Ex Oct 23 | 36.7 | 38.5 | | 5.22 |

**Phillips & Drew Fund Management Ltd**

| | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|
| Small Co's Oct 3 | 587.8 | 630.6 | | 5.65 |
| Do Accum | 653.7 | 701.2 | | 5.65 |
| Intl Expt Oct 24 | 146.9 | 149.2 | +0.2 | 4.41 |
| UK Index Oct 3 | 955.0 | 975.6 | | 5.25 |
| Do Accum | 1009 | 1029 | | 5.25 |
| Convertible Oct 19 | 77.66 | 80.20 | | 9.48 |
| World ex UK Index Oct 22 | 666.7 | 675.8 | | 2.22 |
| Do Accum | 666.7 | 675.8 | | 2.22 |
| Japan Index Oct 22 | 574.6 | 583.0 | | 0.62 |
| Do Accum | 575.7 | 584.0 | | 0.62 |
| USA Index Oct 22 | 730.4 | 739.1 | | 3.86 |
| Do Accum | 740.7 | 745.4 | | 3.86 |
| Europe ex UK Index Oct 22 | 801.8 | 821.8 | | 3.08 |
| Do Accum | 814.3 | 834.5 | | 3.08 |
| Pacific ex Jap Index Oct 22 | 733.7 | 755.2 | | 5.20 |
| Do Accum | 747.6 | 769.4 | | 5.20 |
| Managed Exempt Oct 24 | 88.97 | 90.68 | | 5.75 |
| American Exempt Oct 24 | 96.76 | 98.48 | | 4.26 |
| European Exempt Oct 24 | 104.6 | 105.9 | | 5.28 |
| Japan Exempt Oct 24 | 107.2 | 108.4 | | 0.08 |
| Pacific Basin Oct 24 | 99.25 | 102.0 | | 4.28 |

**NM Rothschild Asset Management Ltd**

| | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|
| NC Managed | 51.7 | 55.1xd | -0.6 | 4.59 |
| NC Property | 174.5 | 192.2 | | |

**J. Rothschild Fund Managers Ltd**

| | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|
| Intl Exempt Accum | 117.6 | 118.6 | | 4.28 |

**Stewart Ivory & Co Ltd**

| | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|
| Select PPP Sept 14 | 224.9 | 236.81 | | |

Closed to new business

**American Life Insurance Co UK**
2-8 Altyre Road, Croydon CR9 2LA 081-680 6000
Life Funds (Accumulation Units)

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Premier Managed(z) | 141.0 | 148.6 | -1.1 | |
| Alpha Managed(z) | 88.3 | 93.0 | -0.2 | |
| HICA Managed(z) | 85.9 | 90.3 | -0.3 | |

Pension Funds (Accumulation Units)

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Premier Managed(z) | 168.5 | 177.5 | -1.3 | |
| Alpha Managed(z) | 95.7 | 100.9 | -0.1 | |

**Avon Insurance Plc**
Tiddington Rd, Stratford-upon-Avon CV37 0789 204211

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Bonus Fund | 67.69 | 69.08 | | |

**Barclays Life Assur. Co Ltd**
252 Romford Road, London E7 081-534 5544

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Barclaybond | 405.5 | 426.9 | -3.2 | |
| Managed Accum | 339.7 | 357.6 | -2.7 | |
| Equity Accum | 529.8 | 557.7 | -4.3 | |
| Property Accum | 288.3 | 303.5 | | |
| International Accum | 241.9 | 254.7 | -2.7 | |
| Gilt-edged Accum | 241.9 | 254.7 | -0.2 | |
| Money Accum | 231.7 | 243.9 | | |
| American Accum | 135.3 | 142.5 | -0.8 | |
| Australia Accum | 126.7 | 133.4 | -0.2 | |
| Financial Accum | 206.2 | 217.1 | -1.3 | |
| "500" Accum | 268.3 | 282.5 | -1.5 | |
| European Grwth Accum | 166.2 | 175.0 | -1.7 | |
| Income Accum | 320.3 | 337.2 | -2.7 | |
| Japan & Gen Accum | 311.0 | 327.4 | -6.0 | |
| Leisure Accum | 173.5 | 182.7 | -0.2 | |
| Spec Sits Fd Accum | 129.2 | 136.0 | -1.3 | |
| Universal Tec Accum | 91.2 | 96.0 | -1.0 | |
| Smaller Co's Accum | 92.0 | 96.9 | -0.6 | |
| Do Initial | 83.5 | 87.9 | -0.5 | |
| Managed Pns Accum | 509.8 | 536.7 | -5.5 | |
| Equity Pns Accum | 211.2 | 222.4 | -2.8 | |
| Intnl Pns Accum | 129.4 | 136.3 | -2.1 | |
| Gilt-edged Pns Accum | 389.1 | 409.6 | -0.1 | |
| Money Pns Accum | 392.1 | 412.8 | | |
| Property Pns Accum | 171.7 | 180.8 | | |
| "500" Pens Accum | 86.5 | 91.1 | -0.4 | |
| Income Pens Accum | 101.6 | 107.0 | -0.9 | |

**Clerical Medical/Fidelity International — Contd.**

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Cash | 147.6 | 155.4 | +0.1 | |
| North American | 101.8 | 107.2 | -0.3 | |
| Far East | 182.6 | 192.3 | -2.4 | |
| International | 133.2 | 140.3 | -1.4 | |
| Special Situations | 190.8 | 200.9 | -1.9 | |
| International Income | 179.9 | 189.4 | -2.1 | |
| American Income | 94.8 | 99.8 | -0.9 | |
| European | 212.9 | 224.2 | -2.5 | |
| South East Asia Fund | 153.8 | 161.9 | -1.7 | |
| Japan Fund | 115.7 | 121.8 | -2.2 | |
| Evergreen | 80.3 | 84.6 | -0.2 | |
| Homeinvestor W-P Reg | 117.8 | 124.0 | +0.1 | |
| Homeinvestor W-P Spec | 117.8 | 124.0 | +0.1 | |

Flexible Retirement Plan

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Mixed | 182.9 | 192.6 | -1.8 | |
| Equity | 207.7 | 218.7 | -3.2 | |
| Property | 164.7 | 173.4 | | |
| Gilt & Fixed Interest | 150.1 | 158.1 | -0.6 | |
| Indexed Linked | 130.7 | 137.6 | -0.4 | |
| Cash | 181.5 | 191.1 | +0.2 | |
| North American | 119.9 | 126.3 | -0.2 | |
| Far East | 204.9 | 215.7 | -2.6 | |
| International | 159.7 | 168.2 | -1.3 | |
| Special Situations | 248.1 | 261.2 | -1.5 | |
| European | 265.3 | 279.3 | -2.5 | |

Executive Investment Pension Plan
Prices on October 24 Unit dealings on Wednesday.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Cash Fd | 221.0 | 232.7 | +0.6 | |
| Mixed Fd | 256.6 | 270.2 | +6.5 | |
| Fixed Int. Fd | 189.9 | 199.9 | +3.4 | |
| UK Equity Fd | 336.8 | 354.6 | +7.0 | |
| Property Fd | 193.6 | 203.8 | | |
| Overseas Fd | 171.6 | 180.7 | +8.2 | |
| Index Linked Fd | 141.5 | 148.8 | +0.5 | |
| Stock Ex. Fd | 209.6 | 220.7 | +4.7 | |
| North Am Fd | 125.2 | 131.8 | +6.4 | |
| Far East Fd | 212.1 | 223.3 | +12.2 | |
| Special Sits Fd | 246.1 | 259.1 | +1.5 | |
| Europ. Fd | 264.9 | 278.9 | +7.1 | |

**Clerical Medical Investments Group**
Narrow Plain, Bristol BS2 0JH 0272-290566

**Equity & Law**
Amersham Road, High Wycombe

| | Bid Price | Offer Price |
|---|---|---|
| Reserve | 105.4 | 110.9 |
| Balanced (Mixed) | 438.7 | 461.7 |
| Opportunity | 91.7 | 96.5 |
| UK Equities | 584.1 | 614.8 |
| Higher Income | 595.7 | 627.0 |
| Nth America | 177.9 | 187.2 |
| Far East | 328.7 | 346.0 |
| Europe | 282.3 | 297.1 |
| International | 312.2 | 328.6 |
| Property | 449.6 | 473.2 |
| Fixed Interest | 281.1 | 295.9 |
| Index Lnkd Secs | 132.8 | 139.7 |
| Gtd Deposit | 231.8 | 243.9 |
| Pens Reserve (z) | 114.0 | 120.0 |
| Pens Balanced (z) | 480.0 | 505.2 |
| Pens Opportunity (z) | 98.6 | 103.7 |
| Pens Equity (z) | 775.5 | 816.3 |
| Pens Higher Inc (z) | 174.4 | 183.5 |
| Pens N America (z) | 73.2 | 77.0 |
| Pens Far East (z) | 176.7 | 186.0 |
| Pens Europe (z) | 153.7 | 161.7 |
| Pens Overseas (z) | 450.3 | 474.0 |
| Pens Property (z) | 406.9 | 428.3 |
| Pens Fixed Int (z) | 342.2 | 360.2 |
| Pens Index-Linked Sec (z) | 166.8 | 175.5 |
| Pens Cash (z) | 319.2 | 336.0 |
| Pens DAF Series 2(z) | 180.6 | 190.1 |
| Pens DAF Series 1(z) | 351.9 | 370.4 |

**Family Assurance Society**
19 New Rd, Brighton BN1 1WS

| | Bid Price | Offer Price |
|---|---|---|
| Family A Managed | 492.71 | 502.77 |
| Family A Managed Ser 2 | 51.64 | 52.70 |
| Family B Managed | 329.20 | 335.92 |
| Family B Managed Ser 2 | 55.08 | 56.20 |
| Family C Brit. | 279.57 | 285.28 |
| Family C Brit Ser 2 | 52.05 | 53.11 |
| Family D Fixed Int. | 241.05 | 245.95 |
| Family D Fd Int Ser 2 | 49.26 | |

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

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### National Provident Institution

48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 301.5 | 317.4 | -3.1 | - |
| UK Equity | 376.8 | 396.7 | -6.3 | - |
| Overseas Eq. | 289.8 | 305.1 | -4.3 | - |
| Americas | 206.8 | 217.7 | -1.9 | - |
| Far East | 316.3 | 333.0 | -2.5 | - |
| Property | 190.8 | 200.9 | -0.2 | - |
| Fixed Int. | 231.5 | 243.7 | -0.1 | - |
| Indexed Gilt | 144.0 | 151.6 | — | - |
| Deposit | 171.3 | 180.4 | — | - |
| Pension Fund (Accum Units) | | | | |
| Managed | 416.9 | 438.9 | -3.9 | - |
| UK Equity | 479.3 | 504.6 | -6.6 | - |
| Overseas Eq. | 478.3 | 503.5 | -4.8 | - |
| Americas | 274.6 | 289.1 | -1.9 | - |
| Far East | 527.5 | 555.3 | -4.4 | - |
| Property | 236.8 | 249.3 | -0.3 | - |
| Fixed Int. | 281.0 | 295.8 | — | - |
| Indexed Gilt | 158.1 | 166.5 | — | - |
| Deposit | 235.4 | 247.8 | +0.1 | - |
| NPI Pensions Management Ltd | | | | |
| Managed Fund | 908.9 | 925.1 | — | - |

Prices Oct 1 Next dealing Nov 1

### Norwich Union Asset Management Ltd

PO Box 140, Norwich NR3 1PP 0603 686787

NUAM Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Fund | 60.6 | 63.8 | -0.7 | - |
| Stock Market Mngd Fund | 57.2 | 60.2 | -0.7 | - |
| Equity Fund | 64.7 | 68.1 | -0.8 | - |
| International Fund | 50.6 | 53.3 | -0.6 | - |
| European Fund | 61.8 | 65.0 | -0.9 | - |
| North American Fund | 47.4 | 49.9 | -0.2 | - |
| Pacific Fund | 52.8 | 55.6 | -0.7 | - |
| Property Fund | 86.4 | 90.9 | -1.3 | - |
| Fixed Interest Fund | 52.4 | 55.2 | -0.1 | - |
| Index Linked Sec Fund | 58.4 | 61.4 | -0.1 | - |
| Deposit Fund | 65.7 | 69.2 | — | - |

### Sun Alliance International Life

PO Box 77, New St, St Peter Port, Guernsey 0481 714108

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| North American Equity $ | 57.86 | 8.40 | — | - |
| Pacific Equity $ | 37.30 | 8.00 | — | - |
| Intl Currency $ | 54.20 | 4.53 | — | - |
| Intl Bond Fund $ | 56.81 | 7.33 | — | - |
| Gilt Fund £ | £3.95 | 4.25 | — | - |
| US Dollar Mngd Fd $ | $1.60 | 1.72 | — | - |
| Stlg Managed Fd £ | £1.00 | 1.07 | — | - |

### Target International Group

1 rue Emile Stan, Luxembourg Tlx 2809 Tel 4050751

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Sterling Pens Plan | £0.71 | 0.77 | — | - |
| US Dollar Pens Plan | $0.69 | 0.75 | — | - |
| Yen Pens Plan | Y237 | 253 | — | - |
| Ecu Pens Plan | Ecu0.64 | 0.69 | — | - |
| Sterling Man Fd | £0.90 | 1.05 | — | - |
| Sterling Fixed Int Fd | £1.34 | 1.43 | — | - |
| US Dollar Man Fd | $1.16 | 1.23 | — | - |
| US Dollar Fixed Int Fd | $1.40 | 1.49 | — | - |
| Ecu Bond Fd | Ecu1.06 | 1.14 | — | - |
| Target Global Mngd | Ecu- | — | — | - |
| Target N European | DKr- | — | — | - |
| Davenport Chdsch £ Fd | £0.77 | 0.84 | — | - |
| Davenport Chdsch $ Fd | $0.49 | 0.53 | — | - |
| Davenport Chsd £ F.I. | £1.08 | 1.17 | — | - |
| LWI Universal Stg Mngd | £0.76 | 0.79 | — | - |
| LWI Universal $ Mngd | $0.43 | 0.45 | — | - |
| Matheson £ Pens | £0.75 | 0.80 | — | - |
| Matheson $ Pens | $0.80 | 0.85 | — | - |
| EDN MIM £ | £0.86 | 0.93 | +0.01 | - |
| EDN MIM $ | $0.95 | 1.02 | — | - |
| Royal Wessex Fund | £0.71 | 0.740 | — | - |
| Wessex Special Sits | £1.00 | 1.041 | — | - |

### J. D. Ward Financial Services Ltd

9 Kingsway, London, WC2 B6XF. 01-836 4391

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Target Mngd Bond | 185.0 | 194.8 | -3.1 | - |
| Target Mngd Pension | 112.7 | 118.7 | -0.4 | - |
| Albany Life Acc | 165.2 | 173.9 | -2.0 | - |
| Albany Pens Acc | 204.1 | 214.8 | -3.2 | - |

# OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

### Orion Fund Limited

6 Front St., Hamilton, HM11, Bermuda 809 295 4000

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## GUERNSEY (REGULATED)

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## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)

## IRELAND (SIB RECOGNISED)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### MANAGED FUNDS NOTES

# WORLD STOCK MARKETS

## INDICES

### NEW YORK

| DOW JONES | Oct. 25 | Oct. 24 | Oct. 23 | Oct. 22 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2484.16 | 2504.21 | 2494.06 | 2516.09 | 2999.75 (16/7) | 2365.10 (11/10) | 2999.75 (16/7/90) | 41.22 (2/7/32) |
| Home Bonds | 89.05 | 88.98 | 89.19 | 89.17 | 93.04 (3/1) | 88.44 (24/9) | — | — |
| Transport. | 851.33 | 867.05 | 875.00 | 883.69 | 1212.77 (6/6) | 821.93 (17/10) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 209.02 | 210.51 | 209.95 | 210.89 | 236.23 (2/1) | 190.96 (24/8) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 2525.99 (2523.02) Low 2464.11 (2470.54)

| STANDARD AND POOR'S | Oct. 25 | Oct. 24 | Oct. 23 | Oct. 22 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 310.17 | 312.60 | 312.36 | 314.76 | 368.95 (16/7) | 295.46 (11/10) | 368.95 (16/7/90) | 4.40 (1/6/32) |
| Industrials | 364.84 | 367.61 | 367.19 | 369.89 | 437.37 (16/7) | 346.86 (11/10) | 437.37 (16/7/90) | 3.62 (21/6/32) |
| Financial | 20.09 | 20.38 | 20.39 | 20.57 | 31.87 (3/1) | 19.24 (11/10) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 169.51 | 170.60 | 170.50 | 171.52 | 201.13 (16/7) | 162.20 (11/10) | 201.13 (16/7/90) | 4.46 (25/4/42) |
| Amex Mkt. Value | 292.78 | 292.69 | 292.97 | 292.33 | 382.45 (5/1) | 289.13 (17/10) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 339.74 | 340.98 | 341.09 | 341.12 | 469.60 (16/7) | 325.44 (16/10) | 485.73 (9/10/89) | 54.87 (31/10/72) |

| | Oct. 19 | Oct. 12 | Oct. 5 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 4.03 | 4.23 | 4.04 | 3.83 |

| | Oct. 24 | Oct. 17 | Oct. 10 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 3.42 | 3.59 | 3.56 | 3.12 |
| S & P Indl. P/E ratio | 14.86 | 14.15 | 14.28 | 12.89 |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Citicorp | 5,978,800 | 11⅜ | - ⅛ |
| Gen. Electric | 2,332,900 | 51⅛ | - ¾ |
| Chase Mnhttn. | 2,159,500 | 11¼ | - ¼ |
| MNC Fin. | 1,941,700 | 4⅞ | - ⅞ |
| Unisys | 1,848,700 | 3⅞ | - ⅛ |
| Avon Prod. | 1,826,600 | 25¼ | + ⅜ |
| AT & T | 1,659,600 | 33⅞ | + ¼ |
| IBM | 1,592,000 | 108⅞ | - ½ |
| Ford Motor | 1,402,200 | 31¼ | - ¼ |
| MCA | 1,350,300 | 57 | + 7 |

### TRADING ACTIVITY

| † Volume (Millions) | Oct. 25 | Oct. 24 | Oct. 23 |
|---|---|---|---|
| New York | 141,460 | 149,290 | 159,080 |
| Amex | 9,695 | 9,452 | 12,867 |
| NASDAQ | 103,490 | 126,727 | 120,082 |
| Issues Traded | 1,956 | 1,969 | 1,959 |
| Rises | 620 | 758 | 805 |
| Falls | 850 | 718 | 688 |
| Unchanged | 486 | 493 | 466 |
| New Highs | 4 | 10 | 11 |
| New Lows | 84 | 98 | 108 |

### CANADA

| TORONTO | Oct. 25 | Oct. 24 | Oct. 23 | Oct. 22 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2689.60 | 2710.10 | 2729.86 | 2747.52 | 3453.05 (4/1) | 2588.00 (16/10) |
| Composite | 3129.85 | 3122.53 | 3123.02 | 3115.45 | 4009.47 (3/1) | 3009.91 (16/10) |
| MONTREAL Portfolio | 1671.98 | 1670.81 | 1675.51 | 1672.77 | 2060.90 (3/1) | 1607.24 (16/10) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Oct. 26 | Oct. 25 | Oct. 24 | Oct. 23 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1354.7 | 1375.3 | 1376.7 | 1383.1 | 1713.7 (12/1) | 1321.4 (15/10) |
| All Mining (1/1/80) | 638.6 | 646.9 | 647.2 | 651.0 | 860.8 (5/1) | 635.6 (15/10) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | (c) | 491.60 | 490.09 | 488.09 | 703.29 (19/3) | 400.98 (25/9) |
| **BELGIUM** | | | | | | |
| Brussels SE (Cash Mkt) (1/1/80) | 5225.92 | 5317.26 | 5278.86 | 5225.98 | 6599.48 (12/1) | 4959.99 (25/9) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 346.59 | 350.35 | 348.92 | 349.31 | 388.29 (28/7) | 331.41 (27/9) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 404.8 | 399.7 | 398.9 | 403.2 | 677.3 (23/1) | 398.9 (24/10) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 432.76 | 440.40 | 442.75 | 435.90 | 564.62 (30/5) | 410.18 (26/9) |
| CAC 40 (31/12/87) | 1618.98 | 1645.99 | 1667.24 | 1676.17 | 2129.32 (20/4) | 1485.39 (25/9) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 632.52 | 645.52 | 653.76 | 640.78 | 832.32 (19/7) | 569.69 (28/9) |
| Commerzbank (1/12/53) | 1796.0 | 1834.7 | 1860.6 | 1823.1 | 2414.0 (3/4) | 1628.7 (28/9) |
| DAX (30/12/87) | 1457.85 | 1497.58 | 1493.82 | 1514.34 | 1968.55 (30/3) | 1334.89 (28/9) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | (c) | 3050.88 | 3042.08 | 3081.23 | 3559.89 (23/7) | 2738.24 (1/2) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1318.76 | 1336.28 | 1342.67 | 1346.16 | 1893.10 (22/1) | 1207.47 (1/10) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 569.90 | 582.54 | 582.92 | 581.77 | 763.52 (14/6) | 552.69 (17/10) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 25085.64 | 25352.63 | 24876.88 | 25298.30 | 38712.88 (4/1) | 20221.86 (1/10) |
| Tokyo SE (Topix) (4/1/68) | 1861.04 | 1880.63 | 1841.48 | 1859.56 | 2867.70 (4/1) | 1523.43 (1/10) |
| 2nd Section (4/1/68) | 3336.34 | 3317.28 | 3251.49 | 3236.11 | 4477.16 (16/7) | 2859.49 (1/10) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 500.94 | 512.98 | 513.42 | 507.71 | 632.22 (1/8) | 489.08 (28/9) |
| **NETHERLANDS** | | | | | | |
| CBS Tll.Rtn.Gen.(End 1983) | 234.4 | 236.1 | 236.3 | 237.8 | 271.9 (20/7) | 228.2 (28/9) |
| CBS All Shr (End 1983) | 172.1 | 173.3 | 173.4 | 174.6 | 206.3 (3/1) | 167.6 (28/9) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 754.47 | 762.21 | 758.43 | 762.96 | 915.13 (2/8) | 701.67 (2/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 616.39 | 613.14 | 573.16 | 595.00 | 1160.70 (21/5) | 514.80 (5/10) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 325.96 | 334.24 | 334.98 | 334.39 | 446.87 (16/7) | 301.45 (11/10) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1430.04 | 1439.0 | 1369.0 | 1358.0 | 2230.0 (16/1) | 1322.0 (20/8) |
| JSE Industrial (28/9/78) | 2729.04 | 2747.0 | 2724.0 | 2691.0 | 3211.0 (6/2) | 2640.0 (1/10) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 735.81 | 760.75 | 796.77 | 765.55 | 928.82 (4/1) | 566.27 (17/9) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 236.66 | 240.69 | 240.16 | 241.08 | 389.74 (16/7) | 209.37 (28/9) |
| **SWEDEN** | | | | | | |
| Affarsvarlden Gen. (1/2/37) | 935.2 | 947.0 | 942.5 | 950.5 | 1329.9 (5/7) | 910.0 (28/9) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 654.2 | 667.8 | 672.0 | 670.9 | 845.5 (13/7) | 613.4 (28/9) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 3316.36 | (c) | 3519.41 | 3300.57 | 12495.34 (10/2) | 2560.47 (1/10) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 688.57 | 698.69 | 709.35 | (u) | 1143.78 (25/7) | 613.95 (25/9) |
| **WORLD** | | | | | | |
| M.S. Capital Intl.(1/1/70) ($) | 468.8* | 476.3 | 472.9 | 478.3 | 571.0 (4/1) | 423.1 (28/9) |

**Saturday October 20: Taiwan Weighted Price 3085.02 Korea Comp Ex. 710.44
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

# WORLD STOCK MARKETS

AMERICA

## Dow falls on worries about banking sector

### Wall Street

A DULL morning on Wall Street saw US equities turn broadly lower as worry about health of New York banks and the fear of war in the Middle East hit the market, *writes Karen Zagor in New York.*

At 1.30pm, the Dow Jones Industrial Average was 25.00 lower at 2,459.16 in thin volume. *On Thursday, the Dow* closed down 20.05 at 2,484.16.

The sell-off in stocks was pronounced, with declining issues leading those advancing by five to two. The Standard & Poor's 500 index fell 2.66 to 307.51 at 1pm.

*Shares* in a number of New York money-centre banks moved sharply lower in the morning as reports that Manufacturers Hanover might cut its dividend filtered through to the market. Chemical Banking and Chase Manhattan have already *cut their dividends.*

Manufacturers Hanover plunged $2¾ to $17 in heavy trading. Chemical Bank lost $⅝ to $10⅝ and Citicorp fell $⅝ to $11⅛. Dime Savings Bank slid $¾ to $3⅝ after it suspended its quarterly dividend and reported a third quarter loss of $6.72 a share compared with a profit last year.

Unisys plummeted $1 to $2¾ in very heavy volume after reporting a third quarter loss of $2.42 a share, compared with a loss of $4.25 a year earlier. The computer company said late on Thursday that it would lay off about 5,000 employees and that its chairman had resigned. Although Unisys plans to sell some assets, it expects to report a loss in the fourth quarter.

*Trading was active in a number* of blue chip issues including General Electric, which slipped $⅝ to $50⅝, American Express, which fell $1⅛ to $18⅞ and Exxon, which lost $⅜ to $47⅞.

Chevron was quoted $⅝ lower at $68¼ after reporting a decline in third quarter earnings to $1.14 a share from $1.22 a year earlier.

Aetna added $1¼ to $32 after announcing a large-scale reorganisation. Analysts said that the company's reported strength in operating earnings stemmed from better-than-expected improvements in personal auto lines.

In the secondary market, the Nasqaq composite dropped 3.85 to 335.89 at mid-session. Apple Computers was active *over-the-counter, adding $⅝ to* $30⅝. Sun Microsystems gained $¼ to $16⅝ and Intergraph rose $⅛ to $11⅞.

Among other featured stocks, First Executive slipped $⅟₁₆ to $⅝. Earlier this week Rosewood Financial Partners said it might divest its stake of nearly 10 per cent in First Executive and would not propose any reorganisation or recapitalisation of the company.

Pop Radio added $1¼ to $19⅝. Homestyle Buffet dropped $⅝ to $6⅝ after an analyst cut his earnings estimates for the company and downgraded the stock's rating.

### Canada

TORONTO stocks slipped fur*ther at midday, as fears of war* in the Middle East grew. The forest products index was pulled down by extremely low third quarter earnings. The composite index fell 27.2 to 3,102.7 on volume of 11.3m shares. Declines outstripped advances by 229 to 160.

Among the most active stocks, Precision Drill A shares fell 20 cents to C$3.30, Laidlaw B shares eased C$⅛ to C$20, and Royal Bank dropped C$⅛ to C$20⅝.

In the mines and oils sectors, Consolidated TVX was steady at C$5¼ and Placer Dome was unchanged at C$17⅞.

## Continental slide leaves cyclicals deep in trouble

### Many household names have tumbled as defensive strategies have advanced, writes **William Cochrane**

STANDARD RULES apply to the European stock market slide this year. Against a deteriorating economic background the cyclicals, including many household names, are emphatically down; and the majority of outperformers in the international institutional lists have been classic defensive stocks.

By number, bulk chemical producers dominate the losers' list. Along with Akzo of the Netherlands, and Ercros of Spain, the big three Germans – BASF, Bayer and Hoechst – represent a notoriously cyclical industry which, in 1989, had squeezed the last benefits out of capacity utilisation; *returns were diminishing early this year although economic growth, in West Germany* in particular, had not yet run out of steam. The Iraqi invasion of Kuwait introduced the problem of escalating oil prices, reduced the possibility of lower interest rates, and tipped demand into recession.

In France, after substantial acquisitions, financing costs have weighed heavily on Rhône Poulenc, notes Ms Susan Haylock at BZW; in Italy, the battle for Enimont has done little for the rating of Montedison, a senior partner in the joint venture.

Car makers and their cohorts have been deep in the pits, too. Mr John Longhurst of James Capel says that Fiat's *problems have been due* principally to a fall from 58 to 53½ per cent this year in its share of the domestic market, which accounts for 60 per cent of the company's total sales. Attempts to increase market share abroad have been unable to counter the slide at home.

In Spain, Citroen Hispania is 80 per cent owned by Peugeot. It does have big exports to France, says Mr Longhurst, but the Spanish car market has fallen by about 9 per cent this year, the environment *is* intensely competitive, and profit prospects are very poor.

Tyre makers are deep in trouble, a fact demonstrated by Michelin last week as its shares collapsed after a higher than expected 1990 loss forecast. Elsewhere in motor components, but still in France, Valeo *and Sommer Allibert have also been decidely out of* favour.

In consumer durables, the disaster stories continue. Philips, of the Netherlands, was talking tough management last year; it capped this year's tale of woe on Thursday with news of losses, a passed dividend and huge job cuts. In Sweden, Electrolux (down 45 per cent in share price terms) merely halved its first half profits, and analysts are going for worse in the second six months.

Norway is the exception to this year's rule, says Mr Brian Knox of Kleinwort Benson. He says that a tremendous economic squeeze, begun two years ago and now being relaxed, had brought the country's inflation rate down to under *4 per cent. Rising* oil prices, in addition, have been very positive for an oil-rich nation. Norsk Hydro owns a lot of the North Sea, observes Mr Knox, and the sentiment produced by this outweighs the importance of its cyclical chemicals and metals operations.

The relevance of oil prices to French oil companies like Elf, or Total is obvious. In oil storage, the Dutch company, Pakhoed, has another obvious connection. *Its compatriot, KLM,* is just as clearly connected on the distaff side, in an airline industry whose severe problems have been exacerbated by higher fuel costs.

Dutch defensives include Nutricia, whose baby foods and dietary meals have been producing excellent results. Sweden, too, has *defensive stocks,* which is probably a good thing given the current state of the domestic economy. Astra, the pharmaceutical group, has had what Ms Haylock of BZW calls the "stunning success" of Losec, its new anti-ulcer drug.

Launched last year, and given *limited* regulatory approval in the US towards the end of the year, Losec gained much broader approval in June of this year.

Pharmaceuticals, says Ms Haylock, are the classic defensive stock, non-cyclcial, low consumers of energy and tending to have strong balance sheets – so that the high interest rates now plaguing corporate Sweden are relatively unimportant.

In telecommunications, *Ericsson is still* on the attack, landing an extended string of international contracts; it is presented as a long-term, noncyclical growth stock which transcends worries about the domestic economy and international oil shocks; its shares have had a huge and almost unbroken climb since the end of 1987.

The other winners are in Germany. Asko, the retailer, is looking at spending power and savings ratios within the country. *Bilfinger & Berger,* a construction group with extensive land holdings in East Berlin, represents the view that asset value, combined with the immense amount of work to be done in the east, will still be a live issue when the Gulf crisis is long dead.

**INTERNATIONAL INSTITUTIONAL STOCKS: WINNERS AND LOSERS THIS YEAR**

| Winners | gain % | Losers | loss % |
|---|---|---|---|
| Pakhoed | 40 | Citroen Hispania | 65 |
| Norsk Hydro | 28 | Michelin | 62 |
| Bilfinger & Berger | 27 | Valeo | 61 |
| Ericsson | 26 | Philips | 56 |
| Elf | 26 | KLM | 55 |
| Astra | 25 | Adia (bearer) | 54 |
| Nutricia | 23 | Rhône Poulenc (Cts) | 46 |
| Asko | 18 | Akzo | 45 |
| Total | 15 | Fiat | 41 |
| Elektrowatt (bearer) | 12 | Bayer | 32 |

*Source: Barclays de Zoete Wedd; prices to October 23; the table contains a representative selection of international stocks, and some losers have been omitted*

EUROPE

## Renewed fears of Gulf conflict upset bourses

FEARS that war would break out in the Gulf upset Continental bourses yesterday, but some of them ended the week higher, *writes Our Markets Staff.*

**AMSTERDAM** was depressed after Thursday's blows from Philips and Daf. There were also concerns that third quarter results from the chemical sector due next week would disappoint. The CBS Tendency index eased 1.5 to 96.8, down 0.5 per cent on the week.

Philips and DAF both ended at a new 1990 low with Philips losing 40 cents to Fl 19.80 and DAF down Fl 1.50 at Fl 19.00. *Dealers said Philips* was getting some support from its 80 per cent holding in Polygram, its music subsidiary, which was estimated to account for Fl 16 of its current price.

DSM, which reports its third quarter results on Wednesday, shed Fl 1.60 to Fl 81.50, just above its low for the year, and Akzo, which publishes its figures on Thursday, lost Fl 2.10 to Fl 75.80. Mr Philip van den Berg at Goldman Sachs expects a 42 per cent decline in DSM's net earnings and a fall of 25 per cent for Akzo. He added that although the chemical sector appears cheap at current levels, he fears that a difficult final quarter will lead to a further downgrading of earnings targets.

PARIS fell on fears about the Gulf. The CAC 40 index shed 27.41 to 1,618.58 in volume of FFr1.4bn, down 1.8 per cent on the week.

Hachette, the publishing and media group, dropped by a hefty FFr15.20, or 7.9 per cent to FFr177.80 with 81,000 shares traded after predicting a 30 per cent drop in 1990 attributable net earnings. Peugeot was another loser, falling FFr15 to FFr513 with 81,325 shares dealt after the car company said that it had ordered production at most of its plants in France and abroad to be cut by 10 per cent by the end of the year, to prevent a pile-up in stocks.

Rhône Poulenc investment certificates lost Thursday's gains, ahcieved on news that New Zealand had become the first country to approve its anti-AIDS agent, and closed FFr12.40 lower at FFr250.10. But shares in its pharmaceutical subisidary, Institut Mérieux, continued to rise, adding *FFr190 or 5.6 per cent to* FFr3,580.

**FRANKFURT** looked abroad, and dropped the DAX index by 40.53, or 2.7 per cent to 1,457.05, down 1.7 per cent on the week, after falls of 2.0 and 0.4 per cent respectively in the FAZ, to 632.32. "Stories that UK hospitals are on the alert to receive wounded did not exactly help sentiment," said Mr Valentin von Korff, a broker at CSFB-Effectenbank.

Volume stayed quiet at DM4.1bn, down from DM4.7bn in a week which, earlier, had seen the highest German market turnover in two months. Blue chips took the brunt of the selling, Daimler falling DM30, or 4.8 per cent to DM595 and Deutsche Bank DM21, or 3.3 per cent to DM618.00.

Lower down the size scale, Wella, the hair cosmetics group, gained another DM12 to DM720, for a DM45 rise on the week. UK researchers, not obviously connected with Wella, were credited on Thursday with discovering a cure for baldness; but B Metzler, the Frankfurt bank, thought Wella's rise more likely to be a response to the bank's own upgrading of its earnings forecasts for the company.

**MILAN** was disappointed by Montedison's rejection of the state's terms for the sale of its stake in their troubled Enimont joint venture, in which both parties own 40 per cent. The Comit index fell 12.64 to 569.90, but was 1.2 per cent up on the week.

Enimont fell L79 to L1,171 at the official close and fell further to L1,165 after-hours. Other stocks in the Ferruzzi group were also weak.

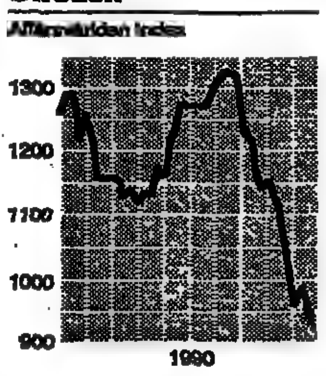
**BRUSSELS** entertained fears that the ailing arms maker, Fabrique Nationale, will go into receivership. FN's preferred shares, which are more actively traded than the ordinaries, nosedived 23 per cent to *BFr110. The cash market index* lost 91.34 to 5,225.92, but was 1.9 per cent up on the week.

**MADRID**'s general index fell 4.03 to 236.66, 1.8 per cent higher on the week.

**OSLO** saw Elkem free shares plunge NKr21 to NKr160 after publishing a loss for the first nine months. The all-share index fell 7.03 to 517.76, up slightly on the week.

### Sweden

Affärsvärlden index



THE SWEDISH equity market, which rose early in the week as it awaited yesterday's unveiling of an austerity package by Sweden's Social Democratic government, fell back a little in thin trading, writes John Burton from Stockholm.

The Affärsvärlden general index fell 11.8, or 1.2 per cent to 935.2, but rose 2.2 per cent on the week. With the threat of a recession and high interest rates adding to the market's woes, traders had hoped that the new measures would *help* correct the country's mounting economic problems.

Details of the package had leaked out before it was presented after bourse hours, but market professionals feared last night that the steps were not sufficiently far-reaching.

Cuts in public expenditure are less severe than expected. One senior analyst at Enskilda *Securities called the package* "a little thin" and predicted that the market would not be satisfied. Sweden has one of the worst performers during the Gulf crisis, dropping 29 per cent since early August.

### SOUTH AFRICA

Light profit-taking before the weekend dragged share prices off Thursday's highs. Renewed Middle East tensions were an added cause for concern. The JSE all-gold index fell 9 to 1,430 and the all-share index eased 28 to 2,877.

ASIA PACIFIC

## Nikkei falls on profit-taking as week ends

### Tokyo

EQUITIES retreated on profit-taking across the board ahead of the weekend, but the Nikkei average closed the week just above 25,000, *writes Marina Gannon in Tokyo.*

The Nikkei ended 346.99 lower at 25,005.64, up 2.14 per cent on the week. It reached the day's high of 25,176.38 towards midday and then *slipped to a low of 24,866.08.* Turnover fell to 500m shares from 750m.

In trading dominated by small lot index-linked selling, declining issues outnumbered gainers by 658 to 343, with a further 126 unchanged. The Topix index of all listed stocks retreated 19.59 to 1,861.04, and in London the ISE/Nikkei 50 index fell xxxx to xxxxxxxx.

Many sectors which advanced over the week, during which the Nikkei topped 25,000 *for the first time* in over a month, trimmed their gains.

*Shipbuildings,* utilities, trading houses, electricals and real estates all fell victim to the weaker yen and lower bond prices. Tokyo Electric Power receded Y70 to Y3,490 and Ishikawajima Harima Heavy Industries fell Y25 to Y775.

Kentucky Fried Chicken Japan, a winner on Thursday on expectations that the company would make a 20 per cent scrip issue next month, lost Y200 to Y10,100.

Financials were weak. Orient Corp, a leading consumer credit company which is expected to announce a pre-tax profit fall of 37 per cent for the *fiscal year due to higher interest rates,* fell Y50 to Y1,030.

Trading in NTT was temporarily suspended once again due to over-activity. The issue, which has advanced 35 per cent in the past week, dropped Y30,000 to Y1.07m.

The car sector was lower, with the exception of Isuzu Motors, which recently announced that it had developed a new brake attachment. It rose Y20 to Y800, the day's most active issue with volume of over 20m shares.

Sansui, which fell by its maximum daily limit on Thursday on news of the collapse of its parent company, Polly Peck, rebounded Y35 to Y510.

Pharmaceuticals, considered almost immune to external influences, were popular. Green Cross added Y60 at Y1,300 and Dai Ichi Pharmaceutical rose Y70 to Y2,550. Yamanouchi Pharmaceutical, which announced that it may tie up with Gist Brocades, the Dutch food and chemical manufacturer, gained Y40 to Y2,920.

In Osaka, the OSE index rose for the tenth consecutive day to 29,251.15, up 104.28. Turnover fell to 54m shares from 83.6m. *Pharmaceutical* and high-tech issues fared well, but real estates and constructions were dull.

### Roundup

PACIFIC Rim markets ended mostly higher on the week, although renewed concerns about the Gulf dampened sentiment yesterday. Hong Kong was closed for a holiday.

**AUSTRALIA** was pulled down by higher oil prices. The banking sector was hit by forecasts of weaker profits for the big three banks. National Australia Bank fell on concerns over its exposure to the troubled construction group John Holland Holdings. The All Ordinaries index closed 20.5 down at 1,354.8, a 1 per cent fall on the week. Turnover was A$320.02m.

**NEW ZEALAND** shook off nervousness ahead of today's s general election. The Barclays index closed 30.57 or 2.2 per cent higher at 1,408.29, but was down 2.5 per cent on the week. Turnover rose to NZ$11.1m from NZ$9.8m.

**TAIWAN** ended sharply lower. The weighted index fell *203.05 or 5.8 per cent,* to 3,316.36, up 13.5 per cent on the week. Turnover rose to T$60.2bn from T$51.8bn.

**SEOUL** plunged again on heavy selling by individuals. The composite index shed 32.05 or 4.2 per cent, to 735.01, up 7.2 per cent on the week. Volume was Won 267.7bn against Won 401.4bn.

**SINGAPORE** lost early gains. The Straits Times industrial index shed 34.55, or 2.9 pc, to 1,174.99, though it was up 3 per cent on the week. Volume was S$64.3m compared with S$109.4m. **KUALA LUMPUR** followed suit. The composite index closed down 12.04 or 2.3 per cent, at 500.94, a rise of 5 per cent on the week.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY OCTOBER 25 1990 | | | | | | | | WEDNESDAY OCTOBER 24 1990 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1990 High | 1990 Low | Year ago (approx) |
| Australia (77) | 128.30 | +0.7 | 97.37 | 103.16 | 100.96 | 108.63 | +0.0 | 7.10 | 127.37 | 96.44 | 103.05 | 99.79 | 108.60 | 158.31 | 123.49 | 149.06 |
| Austria (19) | 214.89 | +0.5 | 163.09 | 172.78 | 169.09 | 168.47 | +0.5 | 1.62 | 213.87 | 161.94 | 173.05 | 167.57 | 167.56 | 285.63 | 178.57 | 160.25 |
| Belgium (61) | 141.45 | +0.6 | 107.35 | 113.72 | 111.30 | 108.48 | +0.8 | 5.34 | 140.57 | 106.44 | 113.73 | 110.13 | 107.64 | 160.02 | 126.67 | 140.88 |
| Canada (120) | 124.66 | +0.3 | 94.61 | 100.23 | 98.06 | 105.39 | +0.2 | 3.78 | 124.30 | 94.12 | 100.57 | 97.38 | 105.22 | 153.61 | 121.24 | 147.79 |
| Denmark (33) | 263.63 | +0.4 | 200.08 | 211.98 | 207.44 | 206.44 | +0.3 | 1.44 | 262.69 | 198.91 | 212.55 | 205.81 | 205.88 | 277.62 | 234.05 | 208.22 |
| Finland (26) | 101.20 | +1.7 | 76.80 | 81.37 | 79.63 | 76.15 | +1.2 | 3.60 | 99.53 | 75.36 | 80.54 | 77.98 | 75.27 | 152.29 | 98.91 | 124.88 |
| France (122) | 140.80 | −1.5 | 106.86 | 113.21 | 110.78 | 111.93 | −1.0 | 3.68 | 142.92 | 108.21 | 115.63 | 111.96 | 113.04 | 168.85 | 124.98 | 132.85 |
| Germany (91) | 118.63 | −1.8 | 90.03 | 95.40 | 93.34 | 93.34 | −1.3 | 2.43 | 120.74 | 91.43 | 97.71 | 94.60 | 94.60 | 144.63 | 101.38 | 97.29 |
| Hong Kong (48) | 124.95 | +0.3 | 94.83 | 100.47 | 98.32 | 124.90 | +0.3 | 5.28 | 124.57 | 94.32 | 100.79 | 97.60 | 124.49 | 147.49 | 112.24 | 113.76 |
| Ireland (17) | 164.99 | −0.8 | 125.22 | 132.66 | 129.83 | 131.05 | −0.4 | 3.99 | 166.06 | 125.74 | 134.36 | 130.11 | 131.60 | 198.57 | 139.04 | 160.84 |
| Italy (91) | 88.78 | −0.6 | 67.38 | 71.38 | 69.86 | 75.16 | −0.1 | 3.27 | 89.30 | 67.62 | 72.25 | 69.96 | 75.25 | 109.26 | 80.87 | 87.12 |
| Japan (454) | 141.31 | +2.5 | 107.24 | 113.62 | 111.20 | 113.62 | +1.9 | 0.74 | 137.81 | 104.35 | 111.50 | 107.98 | 111.50 | 197.26 | 106.58 | 189.02 |
| Malaysia (36) | 213.09 | −0.4 | 161.72 | 171.33 | 167.67 | 221.59 | −0.5 | 2.83 | 213.92 | 161.96 | 173.08 | 167.60 | 222.65 | 250.89 | 182.96 | 197.80 |
| Mexico (13) | 549.25 | +0.7 | 416.85 | 441.63 | 432.19 | 1751.72 | +0.5 | 0.39 | 545.59 | 413.11 | 441.44 | 427.46 | 1743.63 | 561.41 | 324.53 | 317.39 |
| Netherland (41) | 136.14 | −0.6 | 103.32 | 109.46 | 107.13 | 106.00 | −0.1 | 5.40 | 136.93 | 103.68 | 110.79 | 107.28 | 106.15 | 149.03 | 127.56 | 126.17 |
| New Zealand (16) | 51.57 | −3.2 | 39.14 | 41.46 | 40.58 | 44.93 | −3.6 | 7.49 | 53.28 | 40.34 | 43.11 | 41.75 | 46.61 | 75.36 | 50.73 | 76.97 |
| Norway (27) | 244.91 | +1.2 | 185.87 | 196.93 | 192.72 | 194.88 | +1.3 | 1.59 | 241.94 | 183.20 | 195.76 | 189.56 | 192.44 | 276.79 | 202.34 | 171.44 |
| Singapore (25) | 168.55 | +0.1 | 127.92 | 135.52 | 132.62 | 132.97 | +0.1 | 3.22 | 168.30 | 127.43 | 136.17 | 131.86 | 132.78 | 209.24 | 147.24 | 154.62 |
| South Africa (60) | 165.99 | +1.8 | 125.98 | 133.46 | 130.61 | 136.15 | +1.8 | 4.11 | 163.10 | 123.50 | 131.96 | 127.78 | 133.78 | 251.39 | 151.50 | 145.97 |
| Spain (42) | 153.10 | −0.1 | 116.20 | 123.11 | 120.47 | 109.90 | +0.1 | 5.05 | 153.31 | 116.09 | 124.05 | 120.12 | 109.76 | 182.25 | 128.54 | 158.33 |
| Sweden (27) | 179.45 | +0.5 | 136.19 | 144.29 | 141.21 | 148.90 | +0.7 | 2.73 | 178.61 | 135.24 | 144.52 | 139.94 | 147.88 | 234.93 | 158.07 | 176.59 |
| Switzerland (58) | 94.28 | −1.7 | 71.55 | 75.81 | 74.20 | 74.64 | −1.0 | 2.86 | 95.91 | 72.62 | 77.60 | 75.15 | 75.39 | 109.77 | 85.00 | 87.63 |
| United Kingdom (300) | 163.39 | −1.1 | 124.00 | 131.36 | 128.55 | 124.00 | −0.9 | 5.61 | 165.25 | 125.13 | 133.69 | 129.46 | 125.13 | 176.18 | 139.87 | 140.78 |
| USA (533) | 124.92 | −0.8 | 94.80 | 100.44 | 98.30 | 124.92 | −0.8 | 3.92 | 125.89 | 95.32 | 101.86 | 98.64 | 125.89 | 148.95 | 119.06 | 137.37 |
| Europe (965) | 139.23 | −1.1 | 105.67 | 111.95 | 109.56 | 107.73 | −0.7 | 4.34 | 140.74 | 106.57 | 113.88 | 110.26 | 108.52 | 157.85 | 124.91 | 124.08 |
| Nordic (113) | 190.03 | +0.6 | 144.22 | 152.80 | 149.58 | 147.02 | +0.6 | 2.05 | 188.94 | 143.06 | 152.88 | 148.03 | 146.12 | 223.29 | 172.38 | 166.98 |
| Pacific Basin (655) | 139.95 | +2.4 | 106.21 | 112.53 | 110.12 | 113.54 | +1.8 | 1.11 | 136.70 | 103.50 | 110.60 | 107.10 | 111.58 | 192.75 | 107.82 | 184.56 |
| Euro–Pacific (1620) | 140.03 | +0.9 | 106.28 | 112.58 | 110.18 | 111.90 | +0.7 | 2.42 | 138.71 | 105.03 | 112.23 | 108.67 | 111.10 | 174.18 | 116.03 | 160.44 |
| North America (653) | 124.81 | −0.7 | 94.73 | 100.37 | 98.23 | 123.65 | −0.7 | 3.91 | 125.71 | 95.18 | 101.72 | 98.51 | 124.54 | 148.43 | 119.26 | 137.90 |
| Europe Ex. UK (665) | 123.87 | −1.0 | 94.01 | 99.62 | 97.49 | 97.95 | −0.6 | 3.43 | 125.16 | 94.77 | 101.29 | 98.09 | 98.56 | 145.62 | 109.94 | 112.89 |
| Pacific Ex. Japan (201) | 123.24 | +0.3 | 93.53 | 99.11 | 96.99 | 106.85 | −0.1 | 6.01 | 122.86 | 93.03 | 99.42 | 96.27 | 106.91 | 148.72 | 117.08 | 131.10 |
| World Ex. US (1813) | 140.00 | +0.9 | 106.25 | 112.58 | 110.17 | 112.38 | +0.7 | 2.47 | 138.70 | 105.02 | 112.23 | 108.67 | 111.56 | 173.77 | 117.12 | 159.96 |
| World Ex. UK (2046) | 130.81 | +0.6 | 99.28 | 105.19 | 102.94 | 115.65 | +0.4 | 2.61 | 130.07 | 98.49 | 105.25 | 101.92 | 115.22 | 162.00 | 115.37 | 151.86 |
| World Ex. So. Af. (2286) | 133.51 | +0.4 | 101.33 | 107.36 | 105.06 | 116.32 | +0.2 | 2.93 | 133.01 | 100.72 | 107.63 | 104.22 | 116.06 | 161.84 | 118.04 | 150.88 |
| World Ex. Japan (1892) | 131.08 | −0.8 | 99.48 | 105.41 | 103.16 | 117.73 | −0.7 | 4.17 | 132.12 | 100.04 | 106.91 | 103.53 | 118.52 | 151.59 | 124.31 | 132.68 |
| The World Index (2346) | 133.70 | +0.4 | 101.47 | 107.51 | 105.21 | 116.46 | +0.2 | 2.94 | 133.20 | 100.85 | 107.77 | 104.36 | 116.19 | 162.05 | 118.33 | 150.85 |



Constituent changes 26/10: Deletions: Sampo A (Finland) and Polly Peck (UK). Latest prices were unavailable for this edition.

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## BRITISH FUNDS—Contd

Index-Linked

[illegible]

## INT. BANK AND O'SEAS

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## AMERICANS—Contd

[illegible]

## CANADIANS

[illegible]

Continued on next page

# LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS – Contd

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICALS – Contd

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING – Contd

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS (Miscel.) – Contd

[illegible]

## INDUSTRIALS (Miscel.) – Contd.

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

[illegible]

### Commercial Vehicles

[illegible]

# LONDON SHARE SERVICE

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## MOTORS, AIRCRAFT TRADES — Contd

### Components

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 458 | 420 | Abbey Panels | 453 | ..... | 3.5 | 10.8 | 1.0 | 12.0 |
| 225 | 140 | Airflow Streamlines | 140 | −5 | 6.0 | 3.9 | 5.8 | 5.9 |
| 190 | 145 | Bostrom 5p | 168 | ..... | †5.75 | 3.1 | 4.8 | 7.3 |
| 266 | 160 | Dowty 50p | 168 | −2 | 9.0 | 2.1 | 7.5 | 7.7 |
| 239 | 119 | FR Group | 122 | ..... | 6.37 | 3.1 | 7.1 | 6.1 |
| 135 | 55 | Kwik-Fit Hldgs. 10p | 72 | −1 | 12.4 | 2.3 | 4.4 | 13.3 |
| 174 | 102 | Lucas Inds. | 115 | −3 | 7.0 | ¢2.6 | 8.5 | 5.2 |
| 44 | 14 | Do. Warrants | 16 | −1 | — | — | — | — |
| 80 | 60 | Mid-States 10p | 62 | ..... | s20.75 | — | 1.6 | 51.9 |

### Garages and Distributors

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 28 | 16 | Alexanders 10p | 16 | −1 | 1.0 | 3.0 | 8.3 | 4.8 |
| 135 | 78 | Appleyard 10p | 93 | −2 | †7.8 | 2.4 | 11.2 | 4.3 |
| 110 | 55 | Bletchley Motor 20p | 60 | ..... | †7.5 | 1.9 | 16.7 | 4.3 |
| 568 | 420 | Caffyns 50p | 420 | ..... | 11.5 | 0.3 | 3.7 | — |
| 121 | 98 | Central Motor Auctns. | 106 | ..... | 13.25 | 3.2 | 4.1 | 10.1 |
| 67 | 26 | Cook (D.C.) Hldgs. | 30 | −1 | 1.0 | 5.3 | 4.4 | 5.7 |
| 89 | 33 | Cowie (T.) 5p | 48 | ..... | 4.2 | 1.5 | 11.7 | 6.7 |
| 95 | 56 | Dagenham Motors 10p | 75 | ..... | †5.25 | 2.8 | 9.3 | 5.2 |
| 98 | 75 | Davenport Vernon 10p | 78 | ..... | 3.5 | 3.6 | 6.0 | 5.4 |
| 29 | 16 | Equity & Gen 5p | 288 | ..... | †2.5 | 1.7 | 10.0 | (7.1) |
| 247 | 165 | Evans Halshaw | 182 | ..... | 11.25 | 2.4 | 8.2 | 6.6 |
| [illegible] | | | | | | | | |

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Contd

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRANSPORT

[illegible]

## INVESTMENT TRUST

[illegible]

## INVESTMENT TRUST—Contd

| 1990 High | Low | Stock | Price | + or − | Div Net | Y'ld Gr's | NAV | Dis or Prem % |
|---|---|---|---|---|---|---|---|---|
| | 30 | Castle Cairn Inv. | 32 | ..... | — | — | 36.6 | 13.9 |
| | 11 | Do. Warrants | 13 | ..... | — | — | — | — |
| | 58 | China & East Inv 50c | 65 | −2 | Q2c | 1.6 | 80.7 | 19.3 |
| | 18 | Do. Warrants | 20 | ..... | — | — | — | — |
| | 39 | City & Com. Inc. | 42xd | ..... | †7.75 | 24.6 | — | — |
| | 1160 | Do. Cap. (£1) | 1218 | ..... | — | — | 1411.4 | 14.3 |
| | 34½ | City of Oxford Inc 50p | 36xd | ..... | F4.5 | 17.2 | 32.6 | −10.4 |
| | 53½ | Do. Zero Div Pf 5p | 63½ | ..... | — | — | — | — |
| | 72 | Clydesdale Inv. 50p | 75 | ..... | 3.45 | 6.3 | 93.4 | 19.6 |
| [illegible] | | | | | | | | |

## INVESTMENT TRUST—Contd

| 1990 High | Low | Stock | Price | + or − | Div Net | Y'ld Gr's | NAV | Dis or Prem % |
|---|---|---|---|---|---|---|---|---|
| 238 | 190 | Shires Inv. 50p | 199xd | −1 | †16.75 | 11.2 | 208.9 | 4.8 |
| £15¼ | £92½ | Do. 11pc Cnv. Ln. | £96½xd | −1 | Q11% | 11.4 | — | — |
| 45½ | 26½ | Sphere Inv. Tst. Inc. | 27½xd | ..... | s3.87 | 19.4 | 22.5 | −22.1 |
| 87 | 48½ | Do. Zero Dv Pf. | 55¼ | +¼ | — | — | — | — |
| 13½ | 8 | Do. Wrrnts. | 8½ | −½ | — | — | — | — |
| 142 | 112 | Strata Investments | 112 | ..... | 1.15 | 1.4 | 134.5 | 16.6 |
| 150 | 126 | Stratton Inv. Tst. | 127 | ..... | 1.13 | 1.2 | 151.6 | 16.1 |
| 106½ | 84½ | TR City of London | 91½ | −1 | ¤4.56 | 6.6 | 94.1 | 2.8 |
| 103 | 92 | TR European Growth Td. | 92 | −1 | Q1.0 | 1.4 | 99.1 | 6.1 |
| [illegible] | | | | | | | | |

Net asset values supplied by County NatWest Wood Mackenzie

## FINANCE, LAND, ETC

[illegible]

## WATER

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Contd

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 117 | 85 | Goal Pet 5p | 96 | +½ | 1.0 | 0.4 | 1.4 | — |
| *241 | 170 | Gt. Western Res. A£ | 170 | ..... | 9105.0 | — | 2.9 | — |
| 20 | 8 | Gulfstream Res. | 8½ | ..... | — | — | — | — |
| £23½ | £16¼ | Hamilton Oil Corp. | £18¾ | +¼ | Q10c | — | 0.3 | — |
| 223 | 162 | Hardy Oil & Gas 50p | 201 | −1 | — | — | — | 19.4 |
| 138 | 91 | Intl Pet Crpn. | 91½ | −½ | — | — | — | — |
| | | For KCA Drilling see Bystad Group | | | | | | |
| 35 | 3 | Kelt Energy 10p | 6½ | ..... | — | — | — | — |
| 60 | 3 | Do. 6pc Cv Prf. | 11 | ..... | 6% | — | — | — |
| [illegible] | | | | | | | | |

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Contd

### Tins

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 35 | 25 | Ayer Hitam SM1 | 25 | ..... | tQ53.3c | 0.7 | — |
| 75 | 45 | Gopeng Berhad M$0.50 | 48 | ..... | Q11c | 2.6 | 4.6 |
| 67 | 27 | Malaysia Mng. 10c | 27 | −2 | Q7c | 2.3 | 4.5 |
| 160 | 130 | Petaling SM1 | 130 | ..... | ¤Q180c | — | 25.2 |
| 125 | 125 | Sungei Besi SM1 | 125 | ..... | — | — | — |
| [illegible] | | | | | | | |

### Miscellaneous

[illegible]

## THIRD MARKET

[illegible]

## NOTES

[illegible] ... Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or − |
|---|---|---|
| Craig & Rose £1 | 700 | ..... |
| Finlay Pkg. 5p | 40 | ..... |
| Holt (Jos) 25p | 1305 | −5 |
| Carrol (P.J.) | 152 | ..... |
| Helton Hldgs. | 45 | ..... |
| IRG | 153¼ | ..... |
| Unitad Drug | 130 | ..... |

### IRISH

| Stock | Price | + or − |
|---|---|---|
| Cap. 8½% Ln. 1992 | £98¼ | ..... |
| 9pc Cap Ln. 1996 | £93¼ | −¼ |
| Fin. 13% 97/02 | £110¼ | ..... |
| Arnotts | 175 | −5 |

## TRADITIONAL OPTIONS

3-month call rates

### Industrials

| Stock | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 6 |
| Astec (BSR) | 4½ |
| BAT | 45 |
| BOC Grp. | 39 |
| BTR | 29 |
| Barclays | 27 |
| Blue Circle | 17 |
| Boots | 21 |
| Bowaters | 41 |
| Brit Aerospace | 43 |
| British Steel | 13 |
| Brit. Telecom | 22 |
| Cadburys | 26 |
| Charter Cons. | 37 |
| Comm Union | 37 |
| Courtaulds | 25 |
| Eurotunnel | 40 |
| FKI | 5¼ |
| FNFC | 28 |
| Gen Accident | 37 |
| GEC | 14 |
| Glaxo | 57 |
| Grand Met | 44 |
| Guardian | 15 |
| GKN | 27 |
| Hanson | 16 |
| Hawker Sidd | 39 |
| ICI | 70 |
| Ladbroke | 22 |
| Legal & Gen. | 29½ |
| Lex Service | 28 |
| Lloyds Bank | 21 |
| Lucas Inds. | 11 |
| Marks & Spencer | 18 |
| Midland Bk. | 20 |
| Nat West Bk. | 18 |
| P & O Dfd | 42 |
| Polly Peck | 40 |
| Racal Elect. | 14 |
| RHM | 23 |
| Rank Org Ord. | 49 |
| Reed Intnl | 30 |
| STC | 19½ |
| Sears | 8½ |
| SmKl. Beecham A | 44 |
| TI | 37 |
| TSB | 10 |
| Tesco | 19 |
| Thorn EMI | 49 |
| Trust Houses | 21 |
| T&N | 14 |
| Unilever | 50 |
| Vickers | 19 |
| Wellcome | 38 |

### Property

| Stock | p |
|---|---|
| Brit Land | 24 |
| Control Secs. | 3½ |
| Land Securities | 42 |
| MEPC | 38 |
| Mountleigh | 11 |

### Oils

| Stock | p |
|---|---|
| Aviva Petlm. | 3½ |
| Brit Petroleum | 28 |
| Burmah Castrol | 44 |
| Conroy Petlm. | 20 |
| Gaelic Res. | 2 |
| Premier | 8½ |
| Shell | 40 |
| Tuskar Res. | 6 |
| Ultramar | 31 |

### Mines

| Stock | p |
|---|---|
| Lonrho | 21 |
| RTZ | 40 |

FINANCIAL TIMES
Weekend October 27/October 28 1990



# It pays to have red under the bed

**By Philip Coggan, Personal Finance Editor**

IT MAY pay to have something red under your bed. Nearly 70 years after the assets of Baku Consolidated Oilfields were seized by the Red Army, shareholders in the UK company are set to receive some £3m in compensation from the Soviet Union as a tangible sign of glasnost.

But finding the company's 21,000 shareholders is proving almost as difficult as finding current members of the Joseph Stalin fan club.

The last shareholder register was prepared in 1943 when the *company went into liquidation* and only 250 shareholders have been traced so far. One Baku shareholder, last heard of in Amsterdam, is entitled to more than half a million pounds but the average claim is worth *just* £143.

Letters have been sent to the last known addresses of the shareholders but the nomadic habits of the average Briton means that most will have moved several times since 1943. Liquidators KPMG Peat Marwick McLintock, appointed 18 months ago, are hoping that shareholders will search in their attics and under their mattresses for the attractively-inscribed share certificates.

Mr John Alexander, a KPMG Peat Marwick partner, said: "I am getting some very helpful, and some not so helpful, responses to my letters. The postmen in some villages are going from door to door trying to trace the descendants of villagers not seen for over 50 years. One letter came back marked 'Not known at this address, try Heaven!'"

Baku Consolidated Oilfields had extensive assets in the oil-producing region of Baku in Azerbaijan. The company was wound up in the London High Court and assets realised outside the Soviet Union were sufficient to pay creditors in full. But shareholders, who include relatives of the British royal family and peers of the realm, have had to wait until the company's claim was agreed by the UK Foreign Compensation Commission. The compensation fund has so far paid out £80m to holders of Russian assets but most of it has been to bondholders.

Those who find their share certificates underneath their ration books and Andrews Sisters songbooks, or those who think they have a claim, should write to Mr Alexander at KPMG Peat Marwick McLintock, PO Box 730, 20 Farringdon Street, London EC4A 4PP.

# Soviet investment reforms will allow 100% foreign ownership

**By Quentin Peel in Moscow**

A RADICAL relaxation of controls on foreign investment in the Soviet Union, which would allow for 100 per cent foreign ownership, was ordered yesterday by President Mikhail Gorbachev.

The move is part of a package of three presidential decrees, which include repatriation of profits and introduction of a commercial exchange rate of the rouble. The package amounts to a significant attempt to attract foreign investment, boost exports and begin the process of financial reforms to transform the economy into a market system.

The measures include the establishment of a free currency market, which will allow *Soviet enterprises and foreigners* to bid roubles for hard currency in non-trade transactions, and the beginning of a radical realignment of interest rates on savings deposits.

The long-awaited package, the most substantial move yet in the traumatic economic reform process facing the Soviet Union, was published as Mr Gorbachev left for official visits to Spain and France.

It coincided with the announcement of another assault on the old Soviet system of control, when the constitutional compliance committee declared that the country's draconian internal passport system was in conflict with citizens' basic human rights: to migrate, to work, and to receive an education.

The economic package means that foreign investors will no longer be compelled to find a Soviet partner in joint ventures, but can set up wholly-owned subsidiaries in the country, or take major shareholdings in Soviet enterprises. The only restriction is that foreign investors will not be able to buy land outright. They may purchase long-term leases, or the "right to use land".

The decree states that rouble profits of foreign investors can be repatriated abroad "according to the law of the Soviet Union". It is unclear how that can be done – no such law exists – and at what exchange rate. Previously repatriation of profits has been impossible. Investors have had to earn hard currency directly, or negotiate barter transactions.

The decree on the new commercial rate of the rouble aims to stimulate exports, rationalise imports, and "*create an* effective mechanism for redistributing hard currency resources of the country, and exercise practical steps towards convertibility of the rouble". The new exchange rate, which leaves the official exchange rate unaltered, will amount to a two-thirds devaluation for most transactions, *including the valuation of new* foreign investments.

From November 1, the commercial rate for the rouble will be just \$0.56, instead of the current rate of \$1.79. It will apply to all exports and imports by Soviet enterprises.

Mr Gorbachev's third decree provides for new interest rates to be paid from November 1. The Finance Ministry, the State Bank, and the State Savings Bank fixed a range of new rates from 5 per cent for *deposits up to three years*, to 9 per cent for five years and more – still far below the real inflation rate.

# TUC rules out any agreement to cut real wages

**By Michael Smith, Diane Summers and Ivo Dawnay**

THE TRADES Union Congress yesterday ruled out any agreement with the government which would cut the level of real wages as the chairman of the Acas conciliation service cast doubt on whether government exhortations would reduce the level of settlements.

Mr Norman Willis, TUC general secretary, said the TUC was willing to have talks with the government about low pay and top people's pay alongside issues including productivity and training. Cutting real wages had "no place in the strategy".

Mr Douglas Smith, Acas chairman, expressed strong doubts about the effectiveness of exhortations by the government and employer organisations such as the Confederation of British Industry in *reducing the level of pay settlements.*

Mr Smith said there was no evidence since the Second World War that such exhortations had made "a blind bit of difference to employers' behaviour and employees' expectations".

His comments at the annual conference of the Institute of Personnel Management in Harrogate follow a series of ministerial speeches warning of the effects of high pay rises on job *levels and competitiveness* in the wake of Britain's entry into the European exchange rate mechanism.

Union leaders are due to discuss pay and its European context at a meeting next week of the National Economic Development Council to be chaired by Mr Michael Howard, employment secretary.

While all those union leaders who will be involved in the NEDC talks were quick yesterday to deny suggestions of pay restraint, it was also clear that, for the first time in recent years, a package of proposals on wages and economic management would be discussed by the tripartite body.

Mr John Edmonds, GMB general secretary, went as far as describing the union proposals, contained in a paper on Europe after the introduction *of the single market in 1992, as* a "bold offer". He said the initiative was an attempt to achieve a consensus with the government and the CBI. "It is more forthright than the TUC has been before in modern times," he said.

However, other unions involved were more dismissive. The public sector union, Nupe, said there was "nothing new" in the proposals, and Mr Gavin Laird, general secretary of the AEU engineering union, *stressed that "each company* would be dealt with on its merits" as far as pay negotiations were concerned.

*Mr Bill Morris, deputy general* secretary of the Transport and General Workers' Union, said the TUC could not deliver a rigid pay norm "because trade union members would not accept it". He said he doubted that many employers would either.

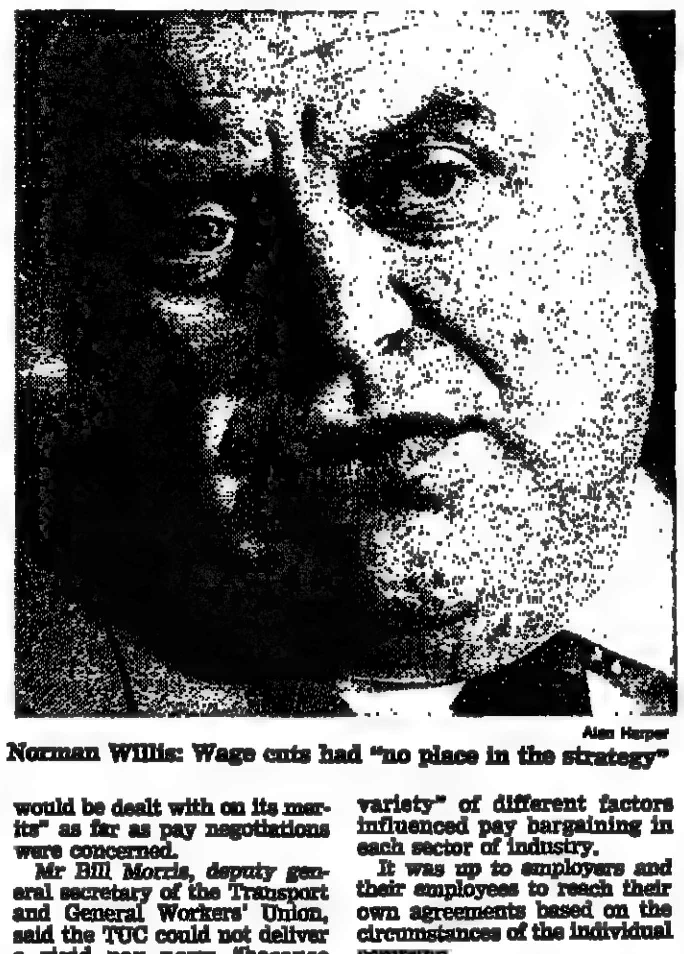
Mr John Major, the chancellor, yesterday ruled out any government initiatives to promote an agreement on pay between companies and unions.

*He emphasised that* "a vast variety" of different factors influenced pay bargaining in each sector of industry.

It was up *to* employers and their employees to reach their own agreements based on the circumstances of the individual company.

Lord McCarthy, a leading labour relations academic and Labour Party spokesman on employment in the House of Lords, speaking at the IPM conference, predicted that workers would be trying to catch up with a 30 per cent rise in pay settlement levels since last autumn.

*IPM at Harrogate, Page 4*



Alan Harper

**Norman Willis: Wage cuts had "no place in the strategy"**

THE LEX COLUMN

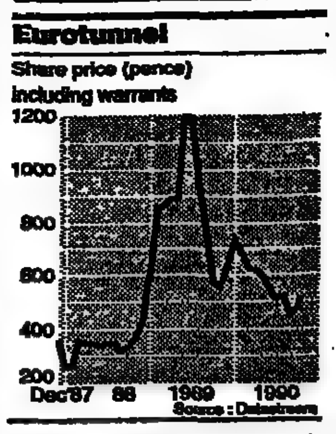
# The curse of the dead parrot

The London market ended the week in the grip of the Polly Peck factor. The symptoms are easily diagnosed: yesterday's collapse in the shares of Brent Walker, for instance, or the call by P&O for a Stock Exchange inquiry into hostile rumours. Fund managers are now terrified of being left holding shares in the next company to go bust; in a market driven by bankers' nerves, it has become difficult to distinguish between shares which are *cheap and those which are signalling trouble.*

There is much talk of bear operators systematically driving down shares by alarms and false rumours. At the extreme, it is possible to imagine a company being driven into a downward spiral whereby the share price scares the bankers and the bankers scare the market. But the whole phenomenon is best seen as effect rather than cause; in markets like these, the punters make their money by following the trend.

It might be more constructive to regard such sentiment as a sign of a market nearing its bottom. With the Gulf still rumbling in the background, that cannot be accepted with confidence. But it remains the case that some shares must now be cheap on anything other than a short-term view. The criteria remain the same: a steady trading history, low debt and an above-average yield. It is one thing for Standard Chartered to yield 19.7 per cent; for BAT to yield 7.6 per cent is quite another.

**FT-SE Index: 2,063.1 (-25.6)**




## Brent Walker

The most obvious casualty of the Polly Peck effect yesterday was Brent Walker, down from an already desperate 72p to a temporary low of 19p. The market seems to have been misinformed; in fact, the banks have agreed to a temporary rescue, after a degree of arm-twisting from the Bank of England.

Mr Asil Nadir might ask himself why the same was not done for him. Some of the answers are reasonable: the more tangible and accessible nature of most of Brent Walker's assets, for instance, or the fact that its cash flow is all in hard currencies. But it would also be comforting, if possibly illusory, to think that Polly Peck marked a low point of the banking community's herd instincts.

Brent Walker's share price meanwhile continues to be one for the record books. A price of 19p compared to historic earnings per share of over 110p and stated net assets per share of nearly £11.70 merely shows the market's cynicism about audited accounts. But the price falling below the gross dividend of 20p is genuinely unusual. Even at yesterday's close of 45p, the market has long since written Brent Walker off as a commercial entity. The banks may have given the company a breathing space: its longer term future is as hard to imagine as ever.

## Eurotunnel

Next week should see the breakthrough under the Channel and the Eurotunnel publicity machine is gearing itself up to persuade small shareholders that they can share in this historic event by supporting the £500m rights issue. Unless they want another batch of expensive travel perks, they should treat it with the utmost caution. Eurotunnel is no Polly Peck; but the question has to be raised about why small investors are being lured even deeper into this high risk project.

The eventual rewards may be substantial, but they are considerably less than promised three years ago; and the rights issue is the ultimate example of dilution. The money is not going to generate any more profits for Eurotunnel. Investors can get yields of 9 per cent plus on NatWest and 11 per cent on irredeemable gilts. Meanwhile, the returns Eurotunnel will be offering are not going to interest the venture capitalists who should be putting up the extra money.

## Mount Charlotte

Sir Ron Brierley's laid-back bid for Mount Charlotte is something perplexed shareholders would probably rather not cope with now. On fundamentals, the 72p per share offer should fail. This is not merely a matter of the wide discount to the defence document's valuation of the hotels at £1.73bn, which makes for net assets per share of £1.22. In addition, though 1991 could be hard given Mount Charlotte's £590m of net debt, prospects after that are not really in doubt, in view of its London market position.

First, Mount Charlotte's high margins mean strong underlying cash flow. Second, the Brierley episode should have taught management to hold gearing down, go easy on over-ambitious deals, and keep the dividends flowing. The problem is that though the fundamentals look clear, Sir Ron has played things cleverly. He may simply drop the bid after Monday's first closing date, which could send the shares down 15p immediately. On balance, shareholders should still reject the offer. But given that Sir Ron has 39 per cent, there is a strong chance of a creeping takeover in which he gets control on the cheap in one or two years' time.

## Sweden

Budget chaos seems to be contagious; even the Swiss parliament *might block the* government's 1991 proposals. The austerity package finally unveiled by Sweden's Social Democrats yesterday smacks too much of US-style compromise to be convincing, despite its accompanying move towards EC membership.

For a start, the proposed SKr15bn of spending cuts is bound to disappoint a stock market which has already fallen by over a fifth this year, and was mesmerised by the thought of a much bigger number. The SKr6bn cut in sickness benefits was expected, but the fact that the remaining cuts are to be spread across defence, agriculture, overseas aid and transport subsidies suggests an unwillingness by ministers to sacrifice their sacred cow – fullish employment. A 10 per cent staffing reduction in the state administration leaves the public sector almost untouched.

The tax increase on office properties seems an unnecessarily controversial way to raise a mere SKr1bn of extra revenue from an unhappy property sector. Overall, the government gains little room to manoeuvre away from 17 per cent interest rates ahead of next year's elections; but a really stiff dose of medicine would probably cost it the election anyway. It is all depressingly reminiscent of the UK.

## CHIEF PRICE CHANGES YESTERDAY

| | | | |
|---|---|---|---|
| **FRANKFURT (Dm)** | | | |
| **Falls** | | | |
| BASF | 200.2 | – | 4.5 |
| BMW | 430.5 | – | 13.5 |
| Daimler-Benz | 595 | – | 30 |
| Deutsche Bk. | 618 | – | 21 |
| Porsche | 775 | – | 15 |
| Siemens | 595.5 | – | 17 |
| **NEW YORK ($)** | | | |
| **Rises** | | | |
| Apple Comp. | 30⅜ | + | ⅜ |
| **Falls** | | | |
| Am. Express | 18¾ | – | 1 |
| Chemical Bk. | 10⅞ | – | ⅜ |
| Citicorp | 11⅛ | – | ⅝ |
| Manf. Hanover | 17 | – | 2⅜ |
| Unisys | 2¼ | – | 1 |
| New York prices as at 12.30pm. | | | |
| **LONDON (Pence)** | | | |
| **Rises** | | | |
| P & O Defd. | 489 | + | 4 |
| **Falls** | | | |
| AB Ports | 199 | – | 28 |
| ADT | 103 | – | 5 |
| Allied Lyons | 462 | – | 16 |
| BAA | 368 | – | 13 |
| BET | 188 | – | 12 |
| BPB Inds. | 164 | – | 10 |
| Brent Walker | 45 | – | 27 |
| Brit. Aerospace | 539 | – | 16 |
| Costain Grp. | 188 | – | 14 |

| | | | |
|---|---|---|---|
| **PARIS (FFr)** | | | |
| **Falls** | | | |
| BIC | 454 | – | 36 |
| Bancaire Cie | 423 | – | 13 |
| Cetelem | 390 | – | 20 |
| Peugeot | 518 | – | 15 |
| Simco | 555 | – | 25 |
| Vallourec | 239 | – | 9.5 |
| **TOKYO (Yen)** | | | |
| **Rises** | | | |
| Aoki | 965 | + | 15 |
| Fuji Heavy | 680 | + | 31 |
| Isuzu Motors | 800 | + | 20 |
| Takeda | 1630 | + | 60 |
| **Falls** | | | |
| Nippon Steel | 455 | – | 10 |
| Sumitomo Metal | 500 | – | 14 |
| Davies & Newman | 115 | – | 35 |
| Eurotunnel Uts | 480 | – | 5 |
| GKN | 301 | – | 17 |
| Grand Met. | 564 | – | 15 |
| Guinness | 694 | – | 18 |
| McAlpine (A.) | 289 | – | 14 |
| Meyer Intl. | 365 | – | 16 |
| RMC | 580 | – | 18 |
| Reed Intl. | 347 | – | 9 |
| Traf. House | 171 | – | 12 |
| Y'shire Chems. | 291 | – | 16 |

## WORLDWIDE WEATHER

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 21 | 70 | Dallas † | S | 9 | 48 | Madeira | F | 23 | 73 | Prague | C | 7 | 45 |
| Algiers | S | 25 | 77 | Dublin | S | 14 | 57 | Madrid | Dr | 14 | 57 | Reykjavik | Dr | 9 | 48 |
| Amsterdam | S | 13 | 55 | Dubrovnik | F | 15 | 59 | Majorca | F | 20 | 68 | Rhodes | S | 22 | 72 |
| Athens | C | 18 | 64 | Edinburgh | F | 13 | 55 | Malaga | S | 21 | 70 | Rio de Janeiro | | – | – |
| Bahrain | S | 35 | 95 | Faro | R | 19 | 66 | Malta | S | 25 | 77 | Rome | S | 20 | 68 |
| Barcelona | S | 21 | 70 | Florence | S | 19 | 66 | Manchester | F | 11 | 52 | Salzburg | S | 13 | 55 |
| Belfast | R | 10 | 50 | Frankfurt | F | 12 | 54 | Melbourne | S | 27 | 81 | S'Francisco † | S | 12 | 54 |
| Belgrade | S | 15 | 59 | Geneva | C | 10 | 50 | Mexico City | | – | – | Santiago | | – | – |
| Berlin | S | 10 | 50 | Gibraltar | F | 21 | 70 | Miami † | S | 13 | 55 | Seoul | F | 17 | 63 |
| Biarritz | C | 13 | 55 | Glasgow | F | 13 | 55 | Milan | F | 13 | 55 | Singapore | F | 27 | 81 |
| Birmingham | F | 11 | 52 | Guernsey | C | [illegible] | 48 | Montreal † | C | 3 | 37 | Stockholm | [illegible] | 4 | 39 |
| Blackpool | F | 13 | 55 | Helsinki | S | 10 | 50 | Moscow | F | 1 | 34 | Strasbourg | F | 11 | 52 |
| Bombay | F | 26 | 79 | Hong Kong | | – | – | Munich | F | 12 | 54 | Sydney | C | 18 | 64 |
| Bordeaux | F | 14 | 57 | Innsbruck | S | 13 | 55 | Nairobi | T | 21 | 70 | Tangier | C | 20 | 68 |
| Boulogne | F | 12 | 54 | Inverness | C | 11 | 52 | Naples | C | 20 | 68 | Tel Aviv | F | 24 | 75 |
| Bristol | S | 13 | 55 | Isle of Man | S | 13 | 55 | Nassau | | – | – | Tenerife | S | 24 | 75 |
| Brussels | R | 12 | 54 | Istanbul | F | 16 | 61 | Newcastle | F | 12 | 54 | Tokyo | S | 22 | 72 |
| Buenos Aires | | – | – | Jersey | C | 11 | 52 | New Delhi | S | 29 | 84 | Toronto † | S | 0 | 32 |
| Budapest | S | 12 | 54 | Johannesburg | F | 25 | 77 | New York † | C | 9 | 48 | Tunis | [illegible] | 25 | 77 |
| Cairo | S | 25 | 77 | Las Palmas | F | 25 | 77 | Nice | R | 12 | 54 | Valencia | F | 20 | 68 |
| Cape Town | S | 27 | 81 | Leeds | C | 11 | 52 | Nicosia | S | 23 | 73 | Venice | C | 13 | 55 |
| Cardiff | F | 13 | 55 | Lisbon | F | 17 | 63 | Oporto | F | 16 | 61 | Vienna | C | 9 | 48 |
| Chicago † | S | -1 | 30 | Locarno | C | 13 | 55 | Oslo | S | 3 | 37 | Warsaw | S | 11 | 52 |
| Cologne | F | 13 | 55 | London | C | 12 | 54 | Paris | C | 12 | 54 | Washington † | F | 9 | 48 |
| Copenhagen | S | 11 | 52 | Los Angeles † | Fg | 17 | 63 | Peking | S | 19 | 66 | Wellington | S | 18 | 64 |
| Corfu | T | 19 | 66 | Luxembourg | R | 10 | 50 | Perth | F | 17 | 63 | Zurich | [illegible] | 8 | 46 |

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† [illegible] temperatures



# Residents of Baghdad pin hopes on face-saving deal

**Lamis Adoni senses a desire for peace in Iraq**

YOU WILL find no one in Baghdad who believes the widespread rumour that the Prophet Mohammed has appeared in one of President Saddam Hussein's dreams and asked him to leave Kuwait.

However, many are convinced an Iraqi withdrawal from Kuwait is a matter of time, albeit not at any price.

Iraqis say this publicly and without hesitation. They see a withdrawal from Kuwait less the inevitable result of international pressures. More it stems from a belief that a face-saving political solution is possible which takes into consideration Iraq's interests.

"There will be no war. We will withdraw from Kuwait but shall retain the islands of Warba and Bubiyan," said Hatem, a 31-year-old taxi driver in a matter of fact tone.

The same argument is repeated by other Iraqis. Surprisingly they do not appear to consider withdrawal from Kuwait as a defeat, provided Iraqi security and economic interests are not sacrificed.

"He [President Saddam Hussein] will withdraw; but only after securing our interests," said a shopkeeper.

Iraqis willing to talk say that, in addition to retaining the Rumeilah oilfields straddling the border, conditions for a withdrawal should include a passage to the sea and assurances that a friendly regime should replace the deposed al-Sabah ruling family.

Bitterness and frustration about the Gulf states emanates from a feeling in Baghdad that Iraqis were left to endure the miseries of the eight-year war with Iran while the other Gulf rulers and sheikhs pursued pleasures and lived in luxury.

People in Baghdad seem open to discuss their country's policies, but it is hard to detect clear-cut public opinion. Iraqi historical and territorial claims to Kuwait do not appear to affect ordinary people's acceptance of the idea of a withdrawal from the territory their army invaded on August 2.

Iraqis are convinced Kuwait is part of Iraq but those interviewed indicated they understood that keeping Kuwait was unrealistic. Despite Mr Saddam's hardline position, they believe he would be ready to compromise.

Iraqis became more convinced that Mr Saddam's undeclared policy was more flexible than his public rhetoric following his historic acceptance to restore the 1975 agreement with Iran. This they saw as an indication of willingness to compromise to save his country and his regime.

There are no signs that the *hardship brought about by the* international blockade will force the Iraqi people to accept withdrawal at any price. They argue that only by enduring the embargo will Iraq be able to press for a settlement which does not infringe on the country's security. We have to hold out long enough in order to demand *our conditions,*" said a young agricultural engineer.

Iraqis say they would feel defeated if Iraq pulled out from Kuwait without any indication of international pressure on Israel to withdraw from the occupied Arab territories.

Gulf peace drive, Page 3
Edward Heath profile, Page 6

# Liverpool

Continued from Page 1

were run up during the council's Militant era when members of the hard left organisation, then allied to the Labour Party but since expelled, launched an ambitious house-*building programme. This* was carried out through large loans from Swiss and Japanese banks.

Deferred payments on the loans have amounted to £16m of the council budget this year alone. The council has since attempted to balance its books by selling land assets.

This year it has again been staving off financial disaster as it heads for a £12m budget deficit with disputes continuing over rent rises and the poll tax.

Concern about council land deals first became *public in* 1985 when Mr David Alton, Liberal Democrat MP for Liverpool Mossley Hill, asked questions in parliament about plans to build a £10m Asda superstore in the Speke enterprise zone.

Police investigated the deal but eventually dropped the inquiry.

Mr Hatton was deputy leader of the council in the early 1980s when the Militant group on the hard left of the Labour party gained control.

He was later expelled from the *Labour Party* during Mr Neil Kinnock's purge of the hard left and in 1987 he was disqualified from the council with several other councillors because of their failure to set a rate.

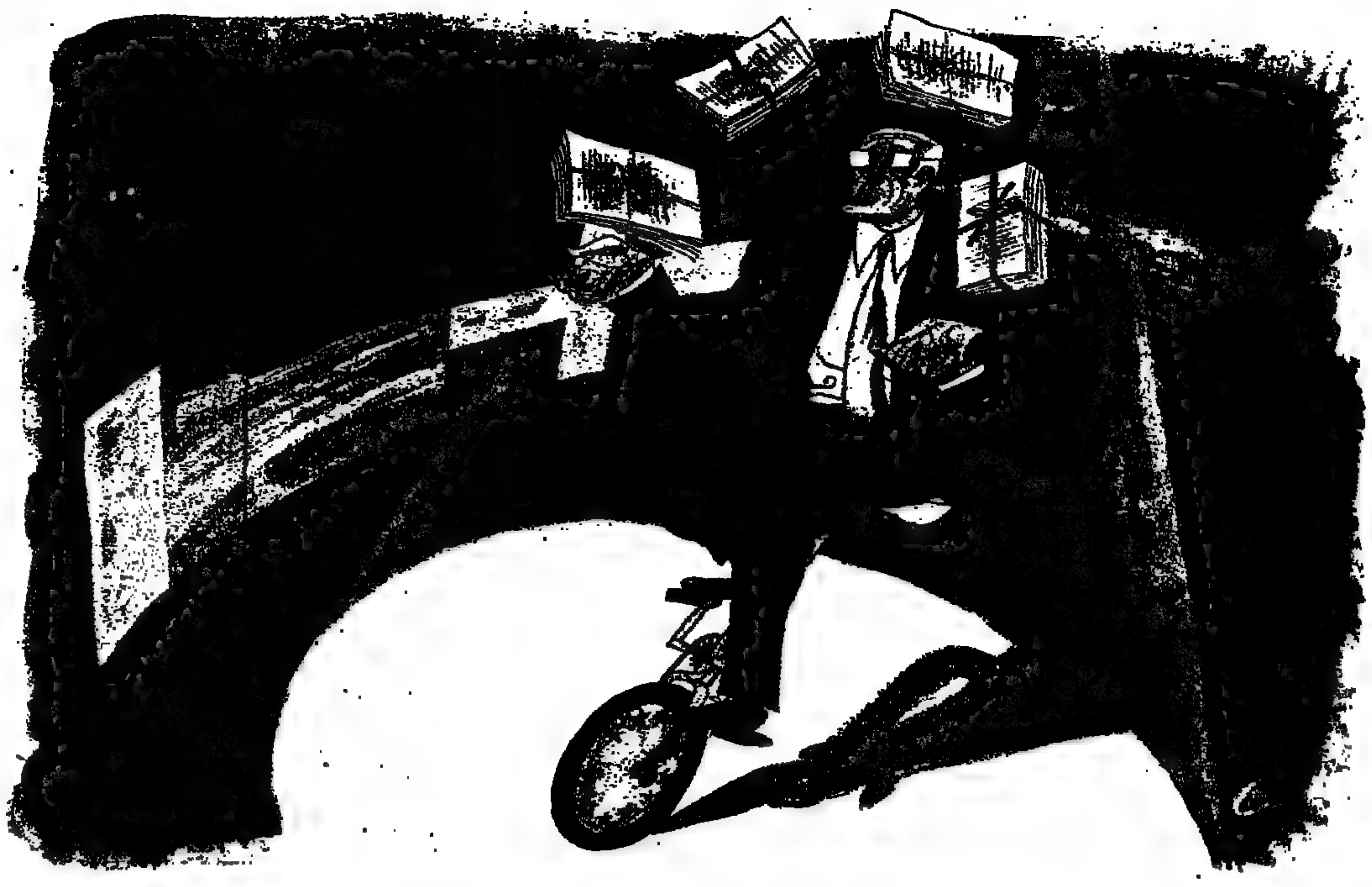
*Mr Hatton* was *disqualified* from the council in 1987 because of the council's failure to set a rate in 1985.

Weekend FT

SECTION II Weekend October 27/October 28 1990

# Travelling circus prepares to govern Europe

*The EC plans to widen its Parliament's role. Lucy Kellaway meets the MEPs who have been clamouring for power*



THE RIGHTFUL heir to the Austro-Hungarian empire, an Italian Catholic priest, a Polish count, a French ballerina and 514 assorted Europeans are demanding more power. The elected representatives of Europe are tired of their carefree existence and tired of their jolly get-togethers in the fairy tale capital of Alsace. They are tired of passing empty resolutions on Life's big themes and tired of designing registers for stray dogs.

In December Margaret Thatcher and her EC colleagues will consider how much extra power to give them. Everybody agrees the European Community is not democratic enough: the bureaucrats who work for the Commission in Brussels have grabbed more and more influence, and are answerable to no-one. The prospect of European Monetary Union increases the pressure for change. It would concentrate power at the centre without making it any more accountable. Everyone also agrees that a simple way to fill this "democratic deficit" would be to give the European Parliament some real responsibility.

Yet the 12 leaders seem to be holding back. Although Parliament is certain to be given some new tools, it will remain the weakling of Europe's three institutions, dwarfed by the Council and the Commission. The national Governments do not want to give up ground occupied by their own parliaments, while the bureaucrats are disinclined to see a rag-bag of politicians doing slowly and badly what Brussels thinks it can do quickly and efficiently.

The Parliament has not presented its own case well. Its President, a small Spanish socialist named Enrique Barón Crespo, has failed make any impression on the debate whatsoever. Barón drives around Strasbourg in a black limousine with a motorcycle escort, but when he steps out of the car, even the tourists look disappointed.

Nor are the Parliament's achievements to date are an argument for giving it more power. Since the Single Market Act of 1987 Parliament has had a real job to do, with the right to make amendments to the 1992 directives. This task is not negligible – if Parliament can get the Commission on its side, then member states can only disregard its wishes if they all act together. But its powers have not amounted to much: Parliament has only ever succeeded in throwing out one directive – and that was an obscure matter concerning Benzene; while the other much-cited triumph was an amendment to a car emissions directive 18 months ago. Since then MEPs have contented themselves with a very large number of very small changes, barely leaving their mark on the overall shape of the single market.

Various powers may be granted in December. Parliament may be allowed to amend legislation covering a wider area than just the 279 single market directives. It may be given a say in choosing the President of the Commission, and a chance to veto trade deals with third countries. Its amendments to directives could go straight to the Council, without needing the Commission's approval first.

How much the Parliament increases in stature will depend not just on how many new powers it is given, but on whether it can smarten up its image and increase its self-esteem. Until recently it has been a joke institution; a sort of travelling circus. It was a home for past-it or would-be national politicians, who got paid perhaps twice as much as MPs back home with little obligation to do anything - not even to turn up at sessions.

The single market has changed that a bit, but not enough. Although large numbers of MEPs conscientiously work away in legislative committees, absenteeism is still a problem. The £120 tax-free bonus paid for every day of official work is not enough to tip the balance – about 330 of the 518 total usually appear at some point during the monthly Strasbourg sessions, and often there are not the necessary 260 MEPs in the chamber for votes, which is why important amendments on insurance and banking failed.

The Commission and the Council can barely hide their scorn of the Parliament, grumbling that it takes too long reading the legislation, and are looking out for ways of avoiding asking for Parliament's opinion altogether. As a result MEPs have become paranoid and twitchy, longing for good publicity that is usually not forthcoming. Even Valery Giscard d'Estaing, perhaps the grandest MEP, has to send his flunkey round the press room to rustle up support for an impromptu press conference - a cruel fall for an ex-president of France.

The British MEPs suffer particularly badly from the lack of attention back home. Less than one in a hundred British adults could tell you who their MEP is, let alone what he thinks about any given issue. Lyndon Harrison, an amiable and hardworking Labour MEP from Cheshire, has had trouble persuading his local paper to print an occasional Letter from Strasbourg.

In spite of this apathy the Strasbourg week in every month has become a major EC event. On Tuesday morning packed charter flights leave Brussels carrying a crew of Commissioners, senior officials, EC groupies and journalists, all off for what feels like a school outing. The purpose is less to keep an eye on the Parliament than to enjoy a few days of relaxed meetings that are not possible in the whirl of Brussels, and to sample Strasbourg's excellent restaurants.

Casual visitors to the Parliament may come away more entertained than enlightened. In the lobby of the grand modern building in Strasbourg they are likely to be greeted with a brass band, or a troupe of Romanian dancers. If they make their way up the sweeping circular stairs and into the wood panelled semi-circular chamber, they will find the great area of seats almost empty. A Greek communist may be holding forth on the currant and sultana market, his passion lost in eight simultaneous translations squawked through headphones lying idle. Meanwhile the visitors' gallery will be packed, and the tourist must share space with with scores of young lobbyists following every word of the debate.

If the visitors are lucky they may catch some of the theatre that MEPs specialise in. The opening speech of the present Parliament was given by the oldest member, an 87-year-old French MEP, Claude Autant-Lara, who told an audience of several hundred red roses that Europe must stop drinking Coca Cola to save its people from the evil influence of the US. Fellow members, fearing the worst from their extreme right-wing colleague, stayed away, leaving single red roses on their desks.

The visit to the Parliament of Virgilio Barco, the drug fighting president of Colombia, gave the Greens and socialists another chance to dress up and perform. Barco was perplexed to find half his audience wearing black arm bands and waving home made cardboard tombstones for people allegedly murdered by the Colombian Government. He may have regretted arriving with one lorry full of Colombian coffee and another full of flowers to give each MEP a memento of his visit.

Some of Parliament's shambolic hopelessness is not its own fault. Thanks to a 32-year-old squabble between France, Belgium and Luxembourg, MEPs still do not have a home. They spend their time travelling from their offices in Brussels to Strasbourg where the sessions are held, with their papers travelling before them in big tin trunks. If they want to get a book out of the library, or consult their office staff, they will have to go to Luxembourg. The three countries claim they are trying to solve the problem – which costs taxpayers about £80m a year in moving expenses – but their way of doing that is to up the ante by building ever more expensive office buildings and chambers.

"Unless we move to Brussels we have no hope of being taken seriously," says Edward McMillan Scott, a serious young British Tory MEP. It is not easy living out of a suitcase, he says, when on the one hand you are trying to solve the Gulf crisis and on the other trying to promote the European Year of Tourism.

The European Parliament also has to manage with a more diverse make up than other political bodies. Its members come from 12 countries, 76 political parties, range in age from 25 to 78, and in class from aristocrat to humble labourer. Most of the MEPs would have little to say to each other – even if they could speak the same language. Unlike polyglot bureaucrats, most cannot manage in any other language than their own – and the endless free lessons and the language holiday camps in the South of France have failed to make much difference.

When the chamber fills for the mid-week votes, the full spectrum of European political opinion can be seen. MEPs sit from right to left according to their 10 political groups, most of which are marriages of convenience. The left side is dotted with youth and colour. A German Green with spiky hennaed hair in a multicoloured kaftan kisses a like-minded Dane. Near her a British leftie in a rugby shirt yawns over the sports page of the Guardian. Over to the right is a higher concentration of grey heads, suits, pearls and bouffant hairdos.

The two main parties are the Socialists and the right of centre European Peoples Party. Neither is very successful at taking unified positions and they frequently sink to bickering among themselves. A report prepared recently by a British socialist on xenophobia received raspberry from the rest of the party, and instead of using the report as a basis for serious debate, the discussion focused on whether a Belgian socialist went too far in calling Giscard D'Estaing "a s**t in silk stockings".

The political composition of the Parliament is further unbalanced by extremists on both left and right deeply opposed to the idea of a federal Europe and not afraid to show it in displays of loutishness. Earlier this year when Nelson Mandela visited the Parliament a nasty scuffle broke out in the members' restaurant between Jean Marie Le Pen – who had boycotted the visit – and a couple of socialists. The result was a groin injury to one of Le Pen's ultra right wing friends, and yet more publicity of a kind the Parliament does not need.

Behind the ugly scenes a weak consensus emerges that is broadly left of centre, keen on social issues, worried about pollution, and in favour of a total ban on cigarette advertising. However this is not enough to hold the Parliament together, and many of the more active MEPs concentrate on their own special causes, pursued in the comfortable privacy of their Strasbourg offices.

Dieter Rogalla, a disillusioned customs official from Germany wants all border controls in Europe swept away and is trying to achieve it through sponsored bicycle trips. Still more energetic is Wilfried Telkämper, leader of the German Greens. He is fighting for human rights in South East Asia, trying to stop a factory in Strasbourg pouring poison into the Rhine, keeping up the struggle in Nicaragua, helping Vietnam become more open. Others have taken up issues closer to home. Nora Mebrak-Zaïdi, the youngest MEP at 25, sits in her office in a brilliant orange jacket and equally vivid pink lipstick, fighting racism in Europe.

Many of these MEPs have an almost touching belief in their ability to help their own causes, even given the limited amount of pushing power granted by their position within the European Parliament.

"I realised that if I wanted to change things, I needed to be in a position of power," says Zaïdi.

For most MEPs the European Parliament is no longer second best, and is no longer a waiting room for a position in domestic politics. MEPs may be tired of having so little power, but they are not giving up. The majority believe in a Europe out there that is bigger than the national parliaments.

"After this, Westminster seems so old fashioned," says Harrison. "This place is positive and uncynical. I'm not saying there aren't frustrations but Europe is the future. Our destiny lies there."

Margaret Thatcher might raise a cynical eyebrow. Harrison may be right eventually, but in the meantime Parliament has a problem. If it were given more power it would doubtless raise its game. But until it has something real to do, it is hard for it to look like a serious ruling body.

# Loneliness of a long-term monetarist

## The Long View

BARRY RILEY

**The financial markets have yet to be convinced that Britain has abandoned its taste for devaluation as a solution to its problems**

HAS BRITAIN finally locked up its devaluation option and thrown away the key? Surely there is some sort of historical significance to Parliament's vote this week in favour of entry to the Exchange Rate Mechanism of the European Monetary System, by a majority of 300 to 227.

But three weeks after the UK joined the ERM the financial markets remain sceptical. The reaction to the decision to cut interest rates by 1 percentage point as a sweetener has been that the exchange rate has at one stage this week dipped below its midpoint of DM2.95. That may only have reflected profit-taking after a long summer of speculation in favour of sterling, and there is no sign yet of any serious attack on the currency. But there has been no honeymoon.

I expressed my own view about the ERM about 15 months ago when I wrote in this column that if we ran a strong, independent monetary policy we did not need it. I might have added that if we did not operate such a policy after joining, the ERM would not do us any good. In fact our monetary sovereignty was being used to run inflationary policies; and in the event our entry within the wide 6 per cent bands, and for overtly short-term political reasons, has left too many niggling doubts.

Thus, after the initial flurry the markets have shown little net movement. Long-dated gilt-edged yield 11.1 per cent, against 11.3 per cent three weeks ago. The FT-SE 100 Index is quite close to the 2,050 at which it stood at 4 pm on October 5.

A lot of fuss about very little, you might say. But we are talking about something that ought to be highly significant to the financial markets: the possibility that Britain is in the process of moving from an underlying inflation rate of about 10 per cent, which has been experienced over the past 25 years, and is being suffered at present, to a German-style rate of 3 per cent.

Whether a country can really change its approach is a subject that happens to have been discussed this week in two separate studies of *Britain's inflationary* predicament. The leading gilt-edged firm Greenwell Montagu has come to the conclusion – you guessed it – that we have finally learned our lesson and gilts will in due course enter a major bull market. Professor Tim Congdon, more concerned with the past than the future, has laid the blame on the British economic tradition which despises monetary control. Our current wave of renewed inflation, he says, represents the revenge of the 364 economists who signed the famous attack in *The Times's* letters column on Sir Geoffrey Howe's vicious 1981 monetarist Budget.

Pinning the blame for inflation on any one culprit is never easy, because it is the consequence of a circular process involving central banks, politicians, employers and wage earners.

In Germany a virtuous circle seems to have developed: the Bundesbank has no magic formula for preventing inflation, but it is consistent in its policies over long periods of time, and the right messages go out to all *sections of society* (and are taken notice of). But in Britain there has been a flabbiness at the heart of monetary policy, and all too often the authorities have been claiming money to be "tight" because of high interest rates or a firm exchange rate, while at the same time the growth of credit has been very high.

In giving up the struggle to maintain a separate monetary policy, by surrendering to the Bundesbank, or a successor Eurofed, the British government is in effect reverting to type. Throughout the post-war era up to 1971 we effectively sheltered under US *monetary policy, and* were hooked to a $35 an ounce gold standard. Even so, the devaluation option was exercised in 1949 and 1967.

Finally, we floated free of the dollar and the European "snake" in 1972, at initial exchange rates of around $2.50 and DM8.00. In 18 years the pound sterling has therefore depreciated on average at 1.4 and 5.4 per cent annually against these two currencies. True, there has been no trade-weighted depreciation on balance since 1986, but arguably the pound is at present overvalued by a good 15 per cent, more against the dollar than the DM. It has not been a happy two decades.

Now John Major is reduced to mouthing the empty exhortations of countless chancellors and employment ministers before him: unions and employers must reach "sensible" settlements. But what is a sensible deal in the light of successive British governments' willingness to devalue the currency over many years?

Congdon may be describing the revenge of the 364, but his is very much the cry of the lone monetarist. Controls on broad money succeeded in bringing down inflation by the mid-'80s, but we also had 3m unemployed and sky-high interest rates. Eagerly the economic establishment reassumed control, money targets were abandoned except for the unhelpful M0, Britain swiftly progressed to the third boom *and bust within 18 years*, and now we have entered the ERM as a refuge from the renewed burst of inflation and devaluation which would otherwise be inevitable.

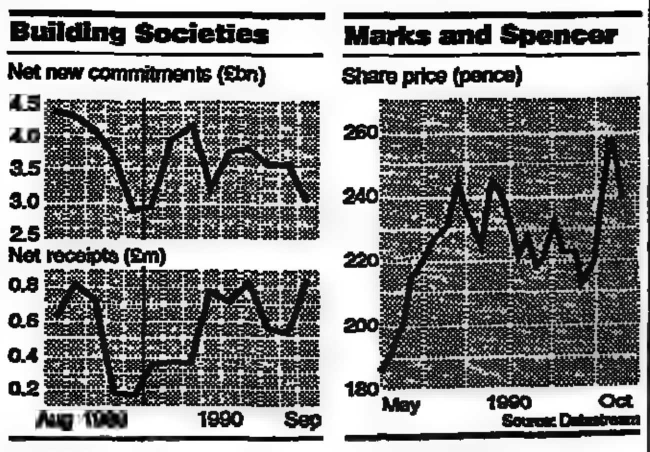
A survey of 1,000 economists by the Institute of Economic Affairs published last June revealed that only 40 per cent considered inflation to be primarily a monetary phenomenon. But perhaps politicians and economists will bow down under the discipline of a fixed exchange rate just as they did in the '50s and '60s – with the aid of the odd devaluation, of course. The ERM may be one thing, but Margaret Thatcher made it very clear on Tuesday that European Monetary Union would be quite another.



CONTENTS

# MARKETS

## FINANCE & THE FAMILY: THIS WEEK




### Sharp rise in deposits for building societies

Building societies saw a sharp rise in deposits in September, although mortgage-lending continued to decline. The jump in net receipts of savings, from £523m in August to £856m in September, partly reflects the present uncertainty in the stock market which has encouraged many people to put their money into the building society instead. However, Mark Boleat, director-general of the Building Societies Association, warned that money could flow out of the building societies again during November when the electricity privatisation takes place.

Net new commitments for mortgages fell in September to £3.005bn from £3.547bn in August, although Boleat believes that the recent fall in mortgage rates should provide "a modest boost to the market in the coming months." *Sara Webb*

### Marks & Spencer hit by rumours

Shares in Marks and Spencer fell by nearly 4 per cent this week on speculation that when it publishes its interim results on Wednesday, it would also warn of weaker sales growth. The share price was also depressed by incorrect speculation that two securities houses had lowered their profit forecasts. There was even talk, emanating from the traded options market, that a profits warning may be issued. M & S was unable to comment on the speculation. However, many analysts were sceptical. "Every year we get these rumours and every year they are unfounded," one analyst said. At the interim results analysts expect profits of between £223m and £236m, compared with £208.7m last time. *Sara Webb*

### Mixed time for investment trusts

The number of investors using investment trust savings schemes increased in the third quarter of this year, from 39,000 to 43,500. But the amount saved per person fell substantially, with the average falling from £64 to £28 for monthly savings and from £749 to £539 for lump sums. In total, £23.7m was invested through savings schemes in the third quarter, compared with £21m in the second. The figures were produced by the Association of Investment Trust Companies. *Philip Coggan*

### Pensions fight wins support

Pensioners in the Imperial Tobacco Fund fighting Lord Hanson in the High Court have won sympathetic remarks from the judge, Vice-Chancellor, Sir Nicolas Browne-Wilkinson.

At the hearing on Thursday, he confessed to being unhappy over the actions of the employer, Hanson, which brought the case: namely that it could force members to part with the surplus in their pension scheme to which they would otherwise be entitled.

He considered that "it seems contrary to the normal conception of what a pension fund is designed to do". However, pensioners have to wait until Wednesday to find out whether the judge will extend this sympathy into a favourable decision on their behalf. *Eric Short*

### Plug into a case of champagne

Readers can still win a case of champagne by entering our electricity privatisation competition. All you have to do is to predict:

1. At the end of the first day of dealings, which of the 12 electricity companies will be standing at the largest premium (or the smallest discount) to its offer price?2. How many investors will apply for shares in the electricity companies?

Please send your answers on a postcard to: Mrs P Pandya, Electricity Competition, The Financial Times, 1 Southwark Bridge, London SE1 9HL.

Entries must be received by the first post on November 21. Should the issue fail to go ahead, the competition will be null and void. No correspondence will be entered into and the Editor's decision will be final.

### Financial Times wins award for personal finance coverage

The Financial Times was awarded the title of Personal Finance National Newspaper of the Year by the Bradford & Bingley Building Society at a ceremony this week. The judging panel was John Smith MP, Moira Stuart, newscaster, Geoffrey Lister, chief executive of Bradford & Bingley and Tony Loynes, editor of UK Press Gazette. They praised the FT for its "intriguing mix of practical financial advice and pleasantly off-beat reflections. Its scope is consistently wide and unexpected," the panel said.

LONDON

# City shivers as Major confirms recession

SO, THE dreaded "R" word has finally passed the Chancellor's lips. After months of semantic gymnastics involving official use of such terms as "slow-down" and "growth recession", John Major this week recognised that the UK may be heading for recession.

To the heads of 6,000 businesses surveyed by the British Chamber of Commerce, who say they are already suffering from "severe recession", Major's deference for the technical definition – a fall in output for two consecutive quarters – has long seemed rather academic.

It was therefore not surprising, even before Polly Peck fell into the hands of administrators, that a distinctly nervous City should give the best UK trade figures for three years the elbow – the big "E".

Although imports were down for the sixth month running in September and exports rose for the third successive month, the underlying export trend remains down.

Add the possibility that President George Bush may send 100,000 more troops to the Gulf; the fact that oil prices are back over $30 a barrel, after a brief dip; and the realisation that the White House and Congress can be relied on to arrive at a sensible budget deal two weeks before mid-term elections about as much as we now rely on UK government statistics, and the FT-SE 100 Index did well to end the week only 26 down at 2063.

Neither would an uncomfortable week for Major have given the markets any greater idea of direction. Not only was his idea for a hard Ecu to be a long-term route to a single European currency despatched by Margaret Thatcher with the vigour she normally reserves for John Smith; Major also had to contend with Rover offering its manual workers an 11 per cent pay deal a day after he called for a "cultural change" among wage negotiators.

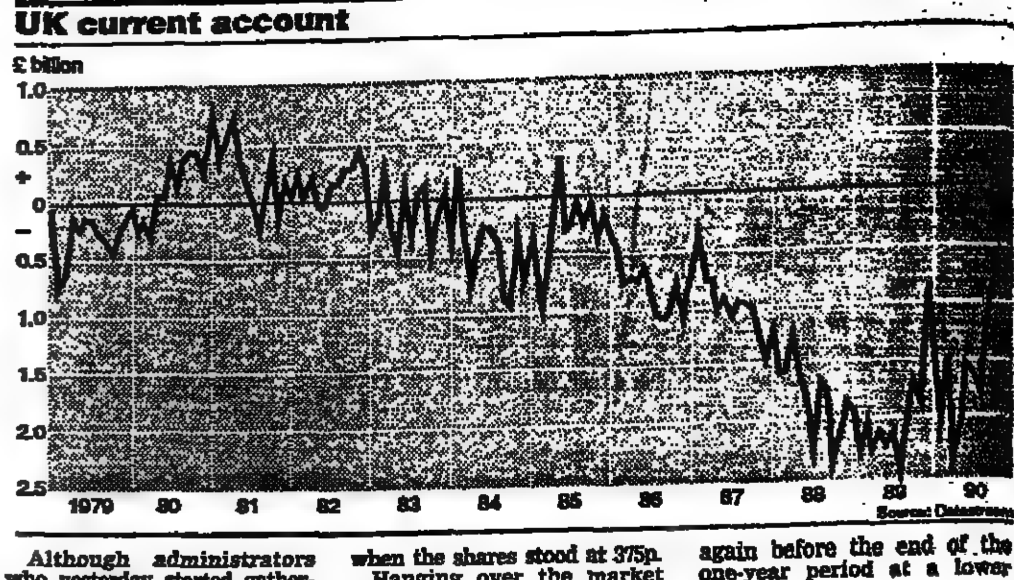
The real tumble of the week was Polly Peck. After teetering on the brink it slipped into the hands of administrators on Wednesday after a futile last minute effort by chairman Asil Nadir to find £30m in the citrus groves of Northern Cyprus with which to fend off the bankers.

The City – and increasingly, the government – was left wondering how a company worth nearly £2bn could evaporate within three months leaving net debts of more than £1.3bn. However, it is perhaps the Serious Fraud Office, whose investigation of a company linked to Nadir triggered the share price freefall, which is under most pressure to get to the bottom of what is now the UK's largest corporate collapse.

### HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1990 High | 1990 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 2063.1 | -25.9 | 2463.7 | 1990.2 | Recession and Gulf worries |
| BOC Group | 469 | -21 | 611 | 438 | BZW 'sell' recommendation |
| Brent Walker | 45xd | -16 | 376 | 19 | Debt fears |
| Caird Group | 46 | -11 | 284 | 41 | Severn Trent Water lapses bid |
| ERF (Hldgs) | 116 | -24 | 253 | 108 | Loss forecast by Dutch rival DAF |
| Eurotunnel Units | 460 | +30 | 733 | 378 | Finance agreement |
| Hunterprint | 25 | +7 | 223 | 11 | Refinancing talks 'advanced' |
| LASMO | 457 | +32 | 510 | 360 | Higher energy prices |
| Pearson | 643 | +33 | 806 | 606 | Recovery / broker's 'buy' advice |
| Richmond Oil & Gas | 101 | -19 | 173 | 94 | Rights issue upset |
| Smiths Industries | 214 | +12 | 298 | 183 | Record annual profits |
| Storehouse | 122 | -16 | 145 | 97 | Departure of finance director |
| Tilbury Group | 505 | +42 | 665 | 415 | Optimism in building sector |
| Trafalgar House | 171 | -22 | 382 | 163 | Continuing dividend doubts |
| Waterglade Intl | 40 | +10 | 70 | 30 | Property disposals |

## UK current account




Although administrators who yesterday started gathering financial information from around the world expressed optimism about their role, shareholders who rode the super-stock through its early '80s glory will have a long wait before catching sight of any money.

One of the most obvious losers from the Polly Peck affair is Standard Chartered Bank, believed to be the company's largest creditor. Its shares lost 24 to 238p on the week as analysts downgraded profit forecasts.

While Polly Peck teetered, Brent Walker, the highly indebted leisure group headed by George Walker, the former boxer, swayed alarmingly like a punch-drunk fighter.

The market has been extremely nervous since early October when the company started delaying the publication of listing documents for a £103m convertible bond issue. Yesterday its shares fell at one time from 72p to 19p on fears of adverse comment over the weekend, before closing at 45p.

After the market closed it emerged that the company had secured the support of its bankers. Brent Walker says it will post listing particulars to its shareholders on Monday so that it can hold an extraordinary general meeting two weeks later. Yesterday's closing price compares to a high in February this year when the shares stood at 375p.

Hanging over the market throughout the week were results from ICI, the international chemicals group considered in many ways a bellwether of the UK economy. Poor results were already discounted but the 48 per cent fall in third quarter pre-tax profits to £160m left the shares 8p lower at the end of the week at 815p. The prospect that ICI may make less in the full year than it did in 1984 has continued to cast a shadow over the market.

There being a silver lining to every cloud, ICI did however manage to buy at a rock bottom price a 50 per cent stake in Tioxide, the pigments manufacturer, from Cookson, the highly indebted industrial materials group. The £160m price tag for a company that grew 25 per cent a year in the late 1980s is a reflection of the extent of the cyclical downturn.

A newcomer to the acquisition business, Severn Trent, had a more uncomfortable time. The recently privatised Midlands water company decided to lapse its offer for Caird Group after a second look at the waste company's defence document.

Adding to the embarrassment of being landed with a 29 per cent stake in Caird, the Takeover Panel also yesterday rejected Severn's appeal to be allowed to bid again before the end of the one-year period at a lower price.

Two other better known names were also trying to put their affairs in better shape. Rupert Murdoch, chief executive of News Corporation, dismissed the market's sell-off of its shares and announced a strategy to allow it to regain profitability.

His move came as rival publishing magnate Robert Maxwell succeeded in repaying the first tranche of the Maxwell Communications Corp debt with the help of some short term bridging facilities, giving himself two more years breathing space before the next large payment is due.

There was also light at the end of another tunnel. After a months of nerve-racking delays, Eurotunnel finally secured £2.1bn of backing from its bankers which will allow it to relaunch a £530m rights issue. Shareholders must be wondering whether this rally will be the last call on them for cash.

Next week the fruits of their cash may well be more visible when the service tunnels meet under the Channel. After a thousand years during which Anglo-French relations have not always been at their most amicable, this is one head-on confrontation which shareholders and bankers alike will heartily welcome.

**Richard Gourlay**

WALL STREET

# Full speed into a slowdown

WHAT IS going on inside the head of the great American car-buying public? Doesn't it know there's a war on – or at least that there might be? Doesn't it know there's a recession on – or could be? Doesn't it know the banks are in crisis, politicians discredited and the dollar devalued?

You would not think so from the vehicle sales figures released this week, which showed remarkable resilience.

In mid-October, domestic cars sold at a 7.2m seasonally adjusted annual rate, above the 7m 1990 trend to date and well ahead both of analysts' expectations (6.5m) and the 1989 figure (6.1m).

Conventional wisdom has it that vehicle sales are going to be hit hard by the run up in oil prices produced by the Kuwait crisis and by the growing nervousness over the direction of the economy. Indeed, Moody's, the credit rating agency, this week downgraded the debt of Ford Motor for these reasons.

Those plucking at economic straws can also point to a degree of resilience in the third quarter results which companies are now reporting. Certainly there have been been plenty of horror stories, notably in the commercial banking sector. But most of these were already well signalled, such as the problems at Unisys, the computer manufacturer, which announced another huge loss on Thursday and warned that because of a weakening market it could now post losses in the fourth quarter as well.

But the quarterlies have also produced pleasant surprises and few results have pointed to an economy falling off a cliff. That said, most recent economic indicators suggest a rapid slow-down – including this week's news of a 1.7 per cent fall in durable goods orders in September. So car-buyers may simply be reacting rather slowly to events. Sales of trucks, which tend to be more immediately responsive to petrol price movements, have slowed markedly, with General Motors and Ford this week announcing the temporary lay-off of over 10,000 workers.

All this adds uncertainty to the debate on whether the recession will be short and shallow or long and deep. This time around there is a particularly large external unknown hanging over the economy, in the form of President Saddam Hussein of Iraq.

All of this means you have to be very bold to call the bottom of the current bear market right now. It is true that equities have found a degree of stability, with the Dow Jones Industrial Average fluctuating within a 150 point band for the past month and a half, between 2,520 and 2,380.

Furthermore, the markets could enjoy some sort of rally when the politicians in Washington finally agree on a budget package, which could in turn prepare the way for an easing of credit by the Fed.

But this week has brought increasingly bellicose noises from Washington about a possible war in the Middle East – though presumably not till the mid-term elections on November 6 are safely out of the way – and any fighting could equally depress or buoy the markets, depending on the effect on oil supplies.

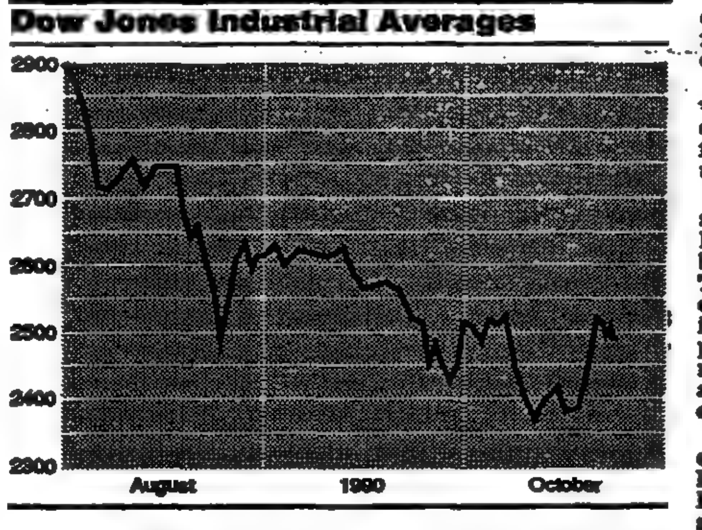
Meanwhile, car sales notwithstanding, consumer confidence is fast diminishing, a fact underlined by the continued slump in property prices.

The spread of the real estate slump from northern New England down the Eastern seaboard was highlighted on Thursday when MNC Financial, owner of the largest bank in Maryland, announced big property-related losses and a need to bolster its finances by auctioning off its profitable credit card subsidiary.

And growing nervousness over the poorly performing loan portfolios of New York's large money centre banks was shown on Wednesday when Citicorp had to raise the interest rate on some of its short-term money market instruments to 12.5 per cent.

Times must be troubled when the rates payable by country's largest bank – admittedly for a very small tranche of its borrowings – approach those of the junk-bond market.

### Dow Jones Industrial Averages




| | | |
|---|---|---|
| Monday | 2516.09 | – 4.70 |
| Tuesday | 2494.09 | – 22.00 |
| Wednesday | 2504.21 | + 10.12 |
| Thursday | 2484.16 | – 20.05 |

**Martin Dickson**

SMALLER COMPANIES

# Safer approach to securities

PERHAPS ONE OF the safest ways for investors to sample the smaller companies market is through investment trust which specialise in this area.

There are certainly some good returns to be had in this way. Someone entrusting £1,000 to Moorgate Investment Trust in 1985 would now have an investment worth £2,274. In St Andrew Trust, it would now be valued at £2,177. The average smaller company investment trusts would now be worth £1,684, compared with £1,640 for investment trusts as a whole.

Most investment trusts trade at a discount to net asset value, which reflects historical trends of investment institutions selling their holdings and concentrating on building their own portfolios. The recent poor performance of equities and the underperformance of smaller company stocks in particular has not helped.

There are the beginnings of promising rumbles from some quarters. In July, River and Mercantile launched its Smaller Companies Trust. At the end of September, the Smaller Companies Investment Trust came to the market, with a focus on attracting institutional shareholders.

Early next year, Moorgate is planning to launch the Osprey Investment Trust, which will be aimed at the private investor – one of perhaps half a dozen new smaller company trusts currently on the drawing board.

Closer inspection of the trusts shows that all is not what it might seem, however. F & C Smaller Companies, for example, has a cut-off market capitalisation of around £250m. Moorgate has the same cap, and practically no USM or Third Market holdings. Fleming Mercantile says it invests in emerging companies, including the original Eurotunnel offer, which it is following with an application for the current rights issue.

"Our shareholders would much rather we manage our portfolio from a practical point of view than dogmatically," says Eric McAuslan, fund manager of St Andrew Trust, which is run by Martin Currie. That is how he explains the appearance in the last annual report of holdings which include British Gas and Guardian Royal Exchange.

"Twelve to eighteen months ago, we decided smaller companies were in for a rough time, and let some go," he says. It switched to larger companies as a result, but is now beginning to examine companies in the £100-150m range. "Over the next two years, it is a case of avoiding the lemons."

Andrew Barker, director and fund manager at F & C, points out that it invested in the conglomerate BTR back in 1972, when it was a small company. "We try to run with our winners," he says, but adds that F & C is gradually selling the shares. "We look for companies going through a period of higher earnings growth."

Nearly all of the smaller company investment trusts also have overseas stakes, which exceed 50 per cent of the portfolio in the case of F & C, as well as Strata Investments.

The investment trusts also often steer clear of the more adventuresome smaller company stocks. "I like those companies which do things I understand, like metal bashers; and never high-tech ones," says Eric McAuslan, reflecting a common view.

Adam Fleming from Fleming Mercantile adds: "we are not interested in companies in glamorous sectors. We want businesses we can understand."

"People are now talking openly about a recession," says Christopher Fishwick, executive director of the new Smaller Companies Investment Trust. "But high interest rates mean smaller companies have already been operating in recessionary conditions and at least some have adjusted. I feel we are quite close to the bottom for small company shares."

Not everyone is so optimistic, however. "We're only just entering bad times, and there are probably worse shocks to come," says Adam Fleming, director of investment strategy at Fleming Investment Trust Management.

He points out that "smaller UK companies have consistently outperformed all other savings instruments" and says the directors are confident about long-term prospects. "But I'm not very bullish at the moment."

The great benefit of investment trusts is that they are "closed end" – with a fixed number of shares in issue. Unit trusts expand or contract as demand for them changes, which means that when holders want to withdraw, the trusts are forced to redeem stocks which may be high performing.

The illiquidity of smaller company stocks means it is also far easier to invest through an investment trust than directly, points out John Korwin-Szymanowski, an analyst with County NatWest.

"Brokers by-pass the market makers to avoid their extremely wide spreads in smaller, less liquid stocks," he says. For investment trust managers, they are often prepared to use "put-throughs" to sell shares to their other clients, and avoid the market makers. Individual investors are unlikely to get such service.

**Andrew Jack**

COMPANY PROFILE

# Decade of change helps Lucas shine anew

WHERE THOUSANDS once worked, tens of people now rattle around in a Birmingham landmark just outside the city centre. Solid, red and Victorian, this six-storey complex is a monument to past British industry, the place where bicycle lamps were mass-produced. It was the main manufacturing plant and headquarters of Lucas Industries.

But Lucas has been moving to greener pastures and its departure is as good a symbol as any of the often painful transformation of a British industrial group to a truly international concern. Lucas has got rid of its lighting business. Indeed, it has sold over £300m of automotive businesses since 1986. These days it is much more interested in the aerospace industry.

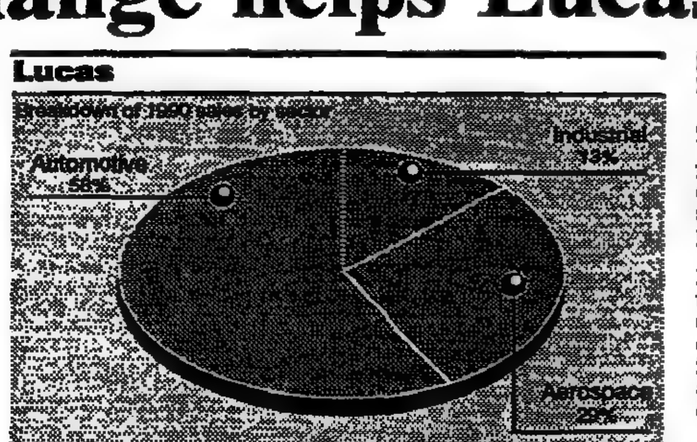
Its annual figures, announced this week, although hardly stunning in terms of profit increases – there was a 2 per cent rise over the year to last July, making a total of £191.2m pre-tax – showed at least how harnessing technological change and moving into growth sectors offered some protection against shifting economic patterns. Lucas is in better shape to face the coming domestic recession than it was in the early 1980s.

The nadir for Lucas was 1981 when it made its first operating loss. Then 80 per cent of its business was in the automotive sector and three-quarters of that was in the UK, largely with Austin Rover. But now the portion of its total sales in the automotive sector has been cut to 58 per cent.

In addition, the destination of its sales has changed. A little more than a third remains in the UK, but a third of this third ends up as indirect exports. Europe takes 37 per cent of the remaining sales and the US 19 per cent.

So Lucas, while not by any means impervious to the tightening UK economy, can ride out the more unpleasant times. However, getting to this stage has involved some sacrifices. The British workforce has been halved since 1979; indeed, throughout the 1980s the size of the British payroll has declined while the overseas payroll has enlarged. In the middle of the decade there were 46,900 British employees and 18,000 overseas. By the end of the decade, the number of British employees had shrunk to 32,200 while the number of overseas employees had risen to 23,800.

### Lucas




### PRE-TAX PROFITS AND EARNINGS PER SHARE

| | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|
| Profits(£m) | 95.2 | 114.5 | 146.3 | 157.1 | 191.2 |
| Eps (p) | 12.9 | 14.9 | 18.3 | 20.2 | 20.2 |

Earnings per share figures are fully diluted. Year end is July 31

Against this background, Lucas has been changing its production techniques. It has not hesitated to draw on Japanese practice to hold down costs, increase throughput and assure quality. It has moved into new premises appropriate to the sophisticated, high technology, high added value products to which it aspires. Hence the departure from the old Birmingham headquarters. The workforce may have been reduced but sales per employee rose to £39,267 during the last financial year, from £25,548 five years ago.

At the same time the nature of the products has changed. In both the aerospace and automotive sectors there is now a concentration on complete systems rather than on the production of components.

This creation of systems hinges around the use of electronics, seen for example in the development of different types of fuel injection systems used in, among others, Rolls-Royce aero engines or in Caterpillar diesel engines.

Lucas technology is licensed around the world and this international presence has opened the way for joint ventures in order to achieve greater market penetration and to tap into wider areas of expertise. The joint ventures demonstrate that Lucas' business is now worldwide. It has, for example, a joint venture with Sumitomo of Japan: a US plant producing motor components, some of which are sold to a German car manufacturer in Brazil.

For the next couple of years, the fortunes of Lucas are likely to be mixed. The aerospace business is coming to the crest of its cycle. Airlines have been ordering new aircraft at a ferocious pace and the military side of the business, which looked as if it might slide because of easier east-west relations, has remained strong because of the Gulf crisis. The problem now is to fulfil the orders. But Lucas does not expect this state of affairs to last beyond 1992-93.

On the automotive side, the British market is in the doldrums while portents in France, Italy and Spain are not encouraging; although increases in fuel prices could lead to a revival of sales in diesel-engined vehicles. This has already happened in France, and this will help Lucas, which is investing £150m in new plant on new diesel engine fuel injection systems.

New corporate acquisitions are unlikely – the group spent £67m in 1989-90 – and the emphasis will be on organic growth. Lucas intends to maintain its research and development expenditure, the better to sail with the economic breezes of the 1990s.

**Paul Cheeseright**

FINANCE & THE FAMILY

Sara Webb on a decade in which financial managers woke up to the other half of the population

# How women cashed in on the '80s

THE 1980s will probably be remembered by women as the decade in which they became more financially liberated.

The introduction of independent taxation (which actually came into force this year, but which was proposed much earlier) means that married women no longer have to give details of their personal finances to their husbands when filling in their tax returns.

Personal pensions provide women with more control when it comes to planning for retirement. And given the financial clout of many career women, the purveyors of financial products have to think rather more carefully about how they approach their female customers: any male bank manager who patronises a female mortgage applicant is likely to lose her as a client.

The old story that women find it more difficult to get mortgages than men is no longer strictly true – the problem is that women may be indirectly discriminated against because they have dependents or work part-time, which can affect their credit ratings.

The introduction of independent taxation, whereby both husband and wife have separate personal allowances, provides certain tax-saving opportunities, particularly if assets are transferred from the higher rate to the lower rate taxpayer.

For example, if the husband is a 40 per cent taxpayer and his wife is a non-taxpayer, he could transfer certain investments, such as his savings accounts, into his wife's name. As a result he would no longer pay 40 per cent tax on the deposit interest. And his wife – who has her own personal allowance of £3,005 – could avoid paying any tax on the interest altogether provided she keeps the account offshore, as she is entitled to do. As long as the deposit amounts to less than about £30,000, the annual interest is unlikely to exceed her personal allowance.

Even if the wife is a basic rate taxpayer, the couple could still save tax by transferring the assets to her name.

Many financial planners expected couples to overhaul their personal finances as a result of independent taxation, but the reorganisation has not been as extensive as predicted.

John Bridel, of Towry Law, says that several of the couples he advises rearranged their finances before the changes came into effect in April, mainly putting cash on deposit in the Channel Islands and Isle of Man. "Our clients are certainly aware of it, but not all of them want to change the ownership of their assets," he adds.

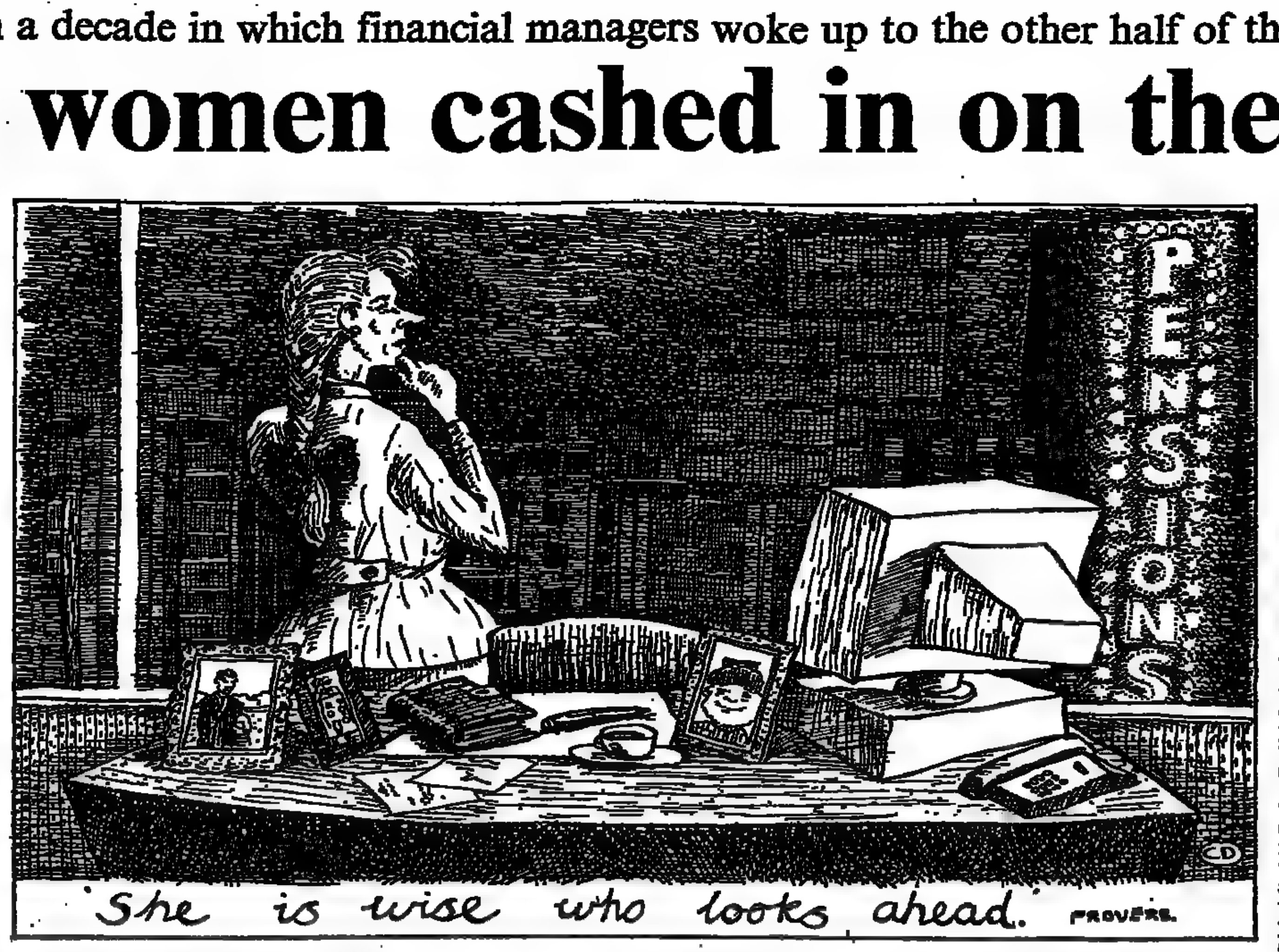
One reason, perhaps, why fewer people than expected have reorganised their finances is that "not many people have £30,000 liquid to pass over to the wife," as Bridel points out. He also thinks that the complications of transferring investments such as unit trusts, shares and gilts to the other spouse deters some people.

However, probably the main deterrent is the fact that such transfers are irrevocable – if the spouse runs off with somebody else, the original owner of the assets is unlikely to see them again. The fact that one in three marriages ends in separation is no doubt a sobering thought for couples who are wondering whether to reorganise their finances.

Since March 1988, the rules regarding alimony and maintenance payments have changed. Payments made under agreements dated after March 1988 are now made without the deduction of tax. Recipients are not taxed on the payments, while the spouse paying out the maintenance is entitled to a limited amount of relief.

For those whose marriages do work, the prospect of children provides a further financial dilemma. Women often have to accept that their income will probably fall sharply, either because they stop work entirely or because they choose to work part-time for a year or two while their children are small.

It is important to bear this in mind so you can start to build up your savings in plenty of time, perhaps using a combination of Personal Equity Plans (PEPs) and qualifying policies; you can enjoy the benefits once you have moved into a lower tax bracket or if you become a non-taxpayer.



'She is wise who looks ahead.' PROVERB.

This week, the government announced that families with children will receive an extra one pound a week in benefit. However, the increase only applies to the eldest child in the family. For all other children the benefit will be frozen – for the fourth year running – at £7.25 a week.

The announcement by Tony Newton, the Social Security Secretary, put an end to speculation over what measures the government would take over child benefits. The one pound a week increase will affect the eldest child in nearly 7m homes.

Tax planning aside, one of the most important concerns for many working women these days is pension planning. Fiona Price, who runs a financial advisory service for women and who provided the case histories below, recommends that before deciding how much you want to set aside for your pension each month, you should calculate how much money you have to spare.

She suggests taking a note of all your outgoings for a month – from gas and electricity payments down to newspaper and milk bills. "You need to know how much you are spending and saving, and what financial commitments you can make," says Price.

The following case histories illustrate how to organise your finances for the future.

■ Annabelle is a 24-year-old advertising account manager. Her salary is £30,000 and she is single. She has a personal pension plan and a mortgage, but she wants to make sure her finances are in order because she plans to leave work in a few years to have children and would therefore be on a lower income.

Her previous adviser had recommended a single premium investment bond as a long-term savings vehicle. However, Price believes this was bad advice and that a Personal Equity Plan (PEP) would be more sensible as it carries lower charges and provides income and capital growth tax-free whenever you wish to take the money out.

With the bond, Annabelle can take out 5 per cent income a year tax-free, but the snag is that she does not want the income now as her salary is already quite high.

The advantage to the adviser who sold her the bond is that commissions are higher on bonds than for PEPs. Price recommends that she keep the bond and perhaps consider cashing it in when she stops work to have children because then she would be either a non-taxpayer or a basic rate taxpayer.

Price also advised her to start a regular savings plan, put £2,000 on deposit for instant access and £3,000 in a PEP.

■ Beatrix is a 29-year-old management consultant working for an accountancy firm. She is single, on a salary of £37,000, and has her own company car and private health scheme. She likes spending money but does not go overdrawn: in fact she estimates that she has between £200 to £300 spare cash per month. She has a mortgage of £47,000 on her property, which is now worth £80,000.

As Beatrix plans to leave the company to set up her own business in two to five years, and eventually to retire at around 50, her chief concern is sorting out her pension arrangements. She has contracted out of Serps, and has decided to set up a personal pension plan as she is too young to join the company scheme.

Price points out that if Beatrix pays £200 a month gross (which means making net payments of £120), she would get a tax-free lump of £47,500 with an annual pension of £14,000 at the age of 50, or an annual pension of £19,000. These projected figures assume a 13 per cent per annum return.

As her salary increased in the last year from £30,000 to £37,000, she decided to raise her contributions to £375 gross (£225 net) which at the age of 50 would provide a tax-free lump sum of £78,300, plus an annual pension of £23,100, or just a pension of £30,800.

Beatrix also wants to build up her medium-term savings. Price suggests that she put the balance of her savings on deposit and at the end of the year perhaps consider a PEP, depending on the state of world stock markets.

She also decides to take out permanent health insurance so that if she were to have serious health problems she would still receive some income. Price chooses a policy which costs £34.06 a month, and which would provide an income of £389 a week after 13 weeks.

■ Cathy is a 37-year-old journalist: she is divorced, but financially independent and earns around £45,000. She has no dependents.

She has a £60,000 mortgage on a house valued at £150,000, and keeps about £8,000 on deposit in the bank. Her chief concern is her pension. She could join the company scheme, but this has a normal retirement age of 65 and she wants to retire when she is about 55. Also, she does not want to be locked into a company scheme as she knows she could change jobs and if she did so within a couple of years this would be a waste of her contributions.

Price advises her to keep about £3,000 of her money on deposit for easy access.

Second, as Cathy admits she does not find it easy to save, Price recommends the discipline of a regular savings plan whereby Cathy puts £50 a month into a qualifying policy. The policy must be held for ten years and the proceeds are paid tax-free. This would provide her with a large sum to spend, perhaps on a new car, at a time when she is likely to still be a higher rate taxpayer.

On the pension front, Price advises her to go for a with-profits policy which would provide her with a bonus every year plus her terminal bonus. They select a personal pension plan where she contributes £150 net per month (equivalent to £250 gross).

Again, assuming a return of 13 per cent, at the age of 55 she would get a tax-free lump sum of £39,700, plus an annual pension of £12,100. If she chose to take a gross annual pension the annual sum would be £16,200. If she waited until the age of 60 before retiring she could get a tax-free lump sum of £76,000 plus an annual pension of £24,400, or take an annual pension alone of £32,500.

As this falls short of her current salary, she is advised to take out a share-based PEP and hold it for at least three years. By taking out a series of PEPs, she should be able to boost her tax-free savings.

# Keeping up with societies

BUILDING SOCIETY savers may find it worthwhile to pop down to their branches in the near future. There seems to be a trend for societies to rationalise the accounts they offer, and those who stay with their old accounts could lose out.

Nationwide Anglia, for example, is offering a Cash builder account which it says is a new type of savings scheme, with both a card and a passbook available.

The account offers more attractive rates than the old Bonus builder and no new Bonus builder accounts will be opened. But while details of the account are available in branches, and have been advertised in the media, Nationwide will not be writing to savers to advertise the change.

The Woolwich has also introduced a new account, Prime Gold, which is effectively replacing the old Prime account. It says that it has written to savers encouraging them to switch – Prime Gold interest rates are more attractive and savers should visit their branch and change as soon as possible. As with Nationwide's Bonus builder, no new Prime accounts will be opened.

The Abbey National, which is now a bank rather than a building society, has started a new account, Instant Saver. New accountholders will have a choice between the Instant Saver and Sterling Asset accounts; no new Five Star accounts will be opened. Like Nationwide, Abbey National is not writing to savers to encourage them to switch to the new, higher interest-rate paying account, but is relying on media and branch publicity.

Reducing the number of accounts available makes life simpler for the building societies. The plethora of accounts on offer during the 1980s, when competition between building societies and banks was particularly intense, has evidently become an administrative burden.

But savers in the old accounts may have mixed feelings, if they find they have been missing out on the higher interest rates on offer.

Nationwide argued this week that writing to all existing savers would be costly and that that cost would be borne by accountholders. But many – those who do not visit their branches very often and do not listen to commercial radio or read the financial pages of newspapers – may take months to hear of the change.

One reader, Mr Millard of Cumbria, says that although he saw Nationwide's press advertisements about the new account, "nowhere in the press advertisements does it imply that the Bonus builder account is being phased out and that to transfer to the more attractive Cash builder, a formal request must be made."

**Philip Coggan**


Philip Coggan holds out little hope for the small shareholder

# Harsh lessons of Polly Peck

POLLY PECK'S small shareholders must be particularly stunned at the the rapidity of the company's decline – from a £2bn capitalised FT-SE 100 Index stock to administration in just four months.

So what happens now? The precedents are none too encouraging. Administration almost always results in shareholders being left empty-handed.

The most encouraging news is that, in a court case this week, Polly Peck's directors argued that the protection provided by administration could allow creditors to be repaid in full, leaving a surplus of about £300m, or 70p per share, left for shareholders.

But such an outcome is far from certain. Administration is a complex procedure and it can be a long time before the full financial position is known. The administrator of Atlantic Computers, the leasing company, has estimated that the process could last right through the 1990s.

The aim of administration is to give a company breathing space from creditors so that its financial position can be assessed and, if necessary, disposals can be made in an orderly fashion.

This can be difficult enough with conventional companies. But sorting out Polly Peck, given the international spread of its business and the potential opposition of the Turkish Cypriot authorities, may prove a particularly complex task.

A rights issue has been mooted as one of the ways of getting cash into the company – but it would be a brave small shareholder who volunteered to stump up extra funds in the light of recent events.

The collapse of Polly Peck certainly throws into sharp relief the powerlessness of small shareholders once a company gets into financial difficulties.

The risk element of the risk/reward ratio comes sharply into play. Put simply, banks have received a relatively low return on lending money precisely because they are in a much stronger position than shareholders in times of crisis.

Given that banks (as with other companies) have a duty to protect the interests of *their* shareholders, it is hard to see the system changing. When companies get into difficulty, ordinary shareholders will tend to bear the brunt of the losses.

So small shareholders should always remember the golden rules:

■ 1. A spread of shares is vital to reduce risk. If you own ten shares, then the loss of one company will knock only 10 per cent off your portfolio.

■ 2. If you cannot afford to buy a spread of shares, and you do not want to risk losing all your money, then an investment or unit trust is the best option.

■ 3. The early success of Polly Peck encouraged many small investors to plump for penny shares. There is no rational relationship between a company's share price and its chances of success. And some of the companies trading on very low share prices, such as Lowndes Queensway in its last days, may be on the verge of bankruptcy.

## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 25% | 40% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawal (days) |
|---|---|---|---|---|---|---|---|
| CLEARING BANK* | | | | | | | |
| High interest cheque | 4.00 | 4.10 | 3.30 | monthly | 1 | under 5,000 | 0-7 |
| High interest cheque | 8.70 | 8.40 | 6.70 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 8.30 | 8.60 | 6.90 | monthly | 1 | 10,000-24,999 | 0 |
| High interest cheque | 8.50 | 8.80 | 7.00 | monthly | 1 | 25,000-49,999 | 0 |
| High interest cheque | 9.10 | 9.50 | 7.60 | monthly | 1 | 50,000 | 0 |
| BUILDING SOCIETY† | | | | | | | |
| Ordinary share | 7.00 | 7.12 | 5.70 | half-yearly | 1 | 1-250,000 | 0 |
| High interest access | 9.00 | 9.00 | 7.20 | yearly | 1 | 500 | 0 |
| High interest access | 9.75 | 9.75 | 7.80 | yearly | 1 | 2,000 | 0 |
| High interest access | 10.25 | 10.25 | 8.20 | yearly | 1 | 5,000 | 0 |
| High interest access | 10.50 | 10.50 | 8.40 | yearly | 1 | 10,000 | 0 |
| 90-day | 10.25 | 10.51 | 8.41 | half yearly | 1 | 500-9,999 | 90 |
| 90-day | 11.00 | 11.30 | 9.05 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 11.50 | 11.85 | 9.46 | half yearly | 1 | 25,000 | 90 |
| NATIONAL SAVINGS | | | | | | | |
| Investment account | 12.75 | 9.56 | 7.65 | yearly | 2 | 5-25,000 | 1 mth |
| Income bonds | 13.50 | 10.12 | 8.10 | monthly | 2 | 2,000-25,000 | 3 mths |
| Capital bonds | 13.00 | 9.75 | 7.80 | yearly | 2 | 100 min. | 3 mths |
| 35th issue‡ | 9.50 | 9.50 | 9.50 | not applica | 3 | 25-1,000 | 8 |
| Yearly plan | 9.50 | 9.50 | 9.50 | not applica | 3 | 20-200/month | 14 |
| General extension | 5.01 | 5.01 | 5.01 | not applica | 3 | - | 8 |
| MONEY MARKET ACCOUNT | | | | | | | |
| Schroder Wagg | 10.00 | 10.51 | 8.41 | monthly | 1 | 2,500 | 0 |
| Provincial Bank | 10.24 | 10.73 | 8.59 | monthly | 1 | 1,000 | 0 |
| UK GOVERNMENT STOCKS | | | | | | | |
| 8pc Treasury 1991 | 11.90 | 9.65 | 8.61 | half yearly | 4 | - | 0 |
| 8pc Treasury 1992 | 11.74 | 9.67 | 8.43 | half yearly | 4 | - | 0 |
| 10.25pc Exchequer 1995 | 11.41 | 8.78 | 7.20 | half yearly | 4 | - | 0 |
| 8.5pc Treasury 1994 | 11.61 | 9.37 | 8.03 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 9.83 | 9.02 | 8.54 | half yearly | 4 | - | 0 |
| Index-linked 2pc1996§§ | 12.58 | 9.80 | 9.29 | half yearly | 2/4 | - | 0 |

*Lloyds Bank. †Halifax 90-day; Immediate access for balances over £5,000. ‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

# Mortgage cuts

THE Alliance & Leicester has cut its mortgage rate from 15.5 per cent to 14.35 per cent for new customers. The new rate will apply to existing borrowers from December 1. First-time buyers who want to borrow up to 95 per cent of the value of their property are being offered mortgages at 13.35 per cent.

Girobank, which is a wholly-owned subsidiary of the Alliance & Leicester, is offering a fixed rate mortgage of 12.75 per cent. The rate will be held at that level until December 31 1992 and applies to mortgages above £30,000.

Bristol & West is cutting its mortgage rate from 15.4 per cent to 14.5 per cent with effect from November 5. It is also offering a one-year fixed rate mortgage at 13.4 per cent.

Co-operative Bank is lowering its mortgage rate from 15.6 per cent to 14.8 per cent on December 1. Greenwich has reduced its mortgage rate to 13.45 per cent on sums of at least £30,000 and where the amount borrowed is up to 94 per cent of the purchase price.

Leamington Spa has lowered its mortgage rate for first-time buyers by one percentage point to 13.5 per cent. The offer is available until March 31 1991 or until the next drop in base rates, whichever occurs first.

Leeds Permanent is offering a mortgage fixed at 12.95 per cent for one year. Northern Rock is cutting its mortgage rate to 14.5 per cent and is offering new borrowers a discount of 1.05 percentage points until January 1 1992.

Norwich & Peterborough is offering new customers a 2.75 per cent discount off its variable rate of 14.7 per cent. The discount applies until June 30 1991. Scarborough has launched a discount mortgage for first-time buyers; the rate is fixed at 12.25 per cent until May 1 1991 on sums of between £15,000 and £100,000. Thereafter it reverts to the building society's variable base rate.

West Bromwich has made a 0.85 percentage point cut in its mortgage rate to 14.4 per cent. New customers are being offered a 2 percentage point discount (to 12.4 per cent) for the first six months of their loan, after which the interest rate reverts to the building society's current base rate.

**Sara Webb**

Caroline Garnham on problems for offshore trusts

# A cold wind offshore

IS THE END nigh for offshore trusts? Their use as tax avoidance schemes for the wealthy has come under scrutiny in the last week. Indeed, John Smith, the shadow chancellor, has called for the tax legislation to be changed in the next parliamentary session. What should investors do?

An offshore trust allows you to transfer your wealth to offshore trustees who own the trust fund for the benefit of you or your dependents. If you already have such a trust, there is no need to panic. There has been talk of changing the legislation previously: in fact before both the 1989 and the 1990 Budgets tax advisers knew that the government was considering this. This has been covered on several occasions in the *Financial Times*, although in the event, nothing happened.

It is unlikely that any legislation will be rushed through parliament before the completion of a review commissioned by the Inland Revenue in 1988. However, assuming that changes will eventually be made, you should check your trust deed.

Is it flexible enough so that you can, for example, change it from a trust for yourself to a trust for your children? This should be possible if you took proper UK legal advice when you first set up your offshore settlement, and instructed a competent lawyer to tailor the trust to your requirements. Unfortunately, if your trust document is badly worded, there may not be much you can do except wait and see what happens.

What if you were considering setting up an offshore trust to protect your assets before all this fuss blew up? What should you do?

Offshore trusts have been used by UK taxpayers as a means of saving tax – although there are problem areas, outlined below, of which investors need to be aware. However, this is probably a good time to set up a trust, because tax rates are low, asset values are low, and the tax legislation is very lenient.

For example, you could transfer your private company shares offshore with a minimum tax charged on gains of 25 per cent rather than 40 per cent. All gains thereafter are free of tax. Or you could have the tax deferred until you draw a cash distribution from the trust while a UK resident, or receive a capital benefit such as free accommodation in Portugal or an interest-free loan as explained below.

You can transfer an existing trust (where the assets have shown considerable capital growth) offshore and not pay tax on the trust gains. When offshore, the trust assets can be sold and the proceeds reinvested with no immediate tax consequences.

Although offshore trusts provide a very useful means of avoiding or deferring capital gains tax for wealthy individuals, they do have certain disadvantages. In particular:

■ In transferring assets offshore, you must pay tax on all gains realised before the assets were put into the trust. If the assets do not increase much in value after that and are not sold, then you will have paid tax to the Inland Revenue sooner than you needed to.

■ You could be exchanging a lower rate of tax for a higher rate. For example, if a gain was made in an offshore trust in 1987 you will have saved capital gains tax at 30 per cent (which was the then rate). However, if you decide to terminate the trust now – in other words, taking the full gain – you will pay tax of 40 per cent. And if there is a change of government, tax rates on capital gains could rise.

■ If you did not seek proper tax advice before setting up the offshore trust, you may have been given a standard discretionary settlement. This may save you CGT but could expose you to an even larger charge under inheritance tax as the charge would be on the entire value transferred and not merely on the increase in value since 1981.

■ If you are a UK domiciled taxpayer and receive a capital payment from the trust you may be liable to pay tax on it if the trust has made capital gains. Also if you receive a benefit, for example if the trustees buy a holiday home in Portugal for the beneficiaries to use, the beneficiaries will be liable to CGT on the benefit of the accommodation, usually 40 per cent on the rental of such a property. The Revenue is eager to catch all lost tax and will charge interest and penalties if accurate returns have not been made.

■ If you are a UK domiciled settlor and a beneficiary of an offshore trust, you will be liable to income tax on all the income produced by the trust fund, regardless of whether you benefit from it or not.

■ Often the income is greater from the offshore fund than it would have been if you had paid capital gains tax on the fund. As a result, you could end up paying more tax (on the income) than if you simply paid CGT at the outset.

Clearly if you want to use offshore trusts you need to be quite certain whether you require the assets or income in the near future, or you could end up with a large tax bill regardless.

# Costs prove the biggest hurdle

THERE ARE several reasons why offshore trusts appear attractive at present, irrespective of the adverse publicity they have recently received: asset prices are low, tax rates are low, and the tax system seems, at least at present, to be on your side.

Ignoring all moral scruples about the wholly reasonable desire to avoid (*not* evade) tax, and putting to one side fears about what the Inland Revenue may do to change the legislation, the main difficulties with offshore trusts are the costs, and the fairly limited circumstances under which you can set one up.

The costs are steep. Just to launch one, you will have to pay the trustees an initial fee of £1,500 to £2,000 plus indeterminate but large fees to advisers such as lawyers and accountants. Then there is an annual fee of between ½ to 1 per cent of the fund's assets, depending on how many transactions there are during the year.

"Given the level of costs, an offshore trust is simply not worth bothering with unless you have at least £150,000 settled in it," observes Cathy Gordon, a partner at Coopers & Lybrand Deloitte.

Peter Bower, a tax partner at Price Waterhouse in London, says that there is no point in transferring assets to an offshore trust if they are already "pregnant with gain". In other words, if the assets are ICI shares bought in 1960, or antiques handed down through the family over the generations, the transfer to the trust will simply crystallise the gain and require tax to be paid.

Thus what you need are newly acquired assets which have the potential for growth over the medium-to-long term. The trusts are thus especially suited to managers participating in a management buyout, acquiring a stake in a company, the value of which is likely to rise over the years and the profits on which will be realised, perhaps by way of a flotation on the stock-market or the sale of the business.

"The technique is to buy the company in the first place by means of an offshore company," says Bower, "and when the shares are eventually sold the gain is not subject to UK capital gains tax."

The only circumstances under which you can protect gains already accumulated in the UK is by converting UK-based trusts to offshore. This is a complex procedure and some tax will normally have to be paid. If you have UK trusts you should ask your accountant about whether the conversion is worthwhile.

**David Waller**

FINANCE & THE FAMILY

# Eurotunnel set for rights issue

THREE YEARS ago investors with cash and courage stumped up £1bn for shares in the Channel tunnel project. Now Eurotunnel is asking for another £500m via a rights issue, writes Andrew Hill.

The company needs the money to complete the project because its costs have vastly overrun its original projections. Most of the extra cash has already been pledged by 200 banks, which, after much wrangling with Eurotunnel, began signing agreements for a £2.1bn package of loans on Thursday.

Once the formal agreements are signed, the rights issue can go ahead. A prospectus should be published and a rights price named by the middle of November.

The first breakthrough in the link's service tunnel is expected next week, and the issue may coincide with the symbolic handshake between a French and a British worker beneath the Channel.

Only when the prospectus is available will existing shareholders and new investors be able to assess the value of backing a company which is unlikely to pay dividends before 1997, and a project which will not open for business until summer 1993.

However, we already know some details. As in the 1987 issue, travel incentives will be attached to the shares on offer. This time the incentives will be in the form of discounted fares and those who pay the subscription price for the shares will be able to nominate others to enjoy the incentives.

The incentive scheme is likely to be organised in four tiers. Eurotunnel has not confirmed the detail, but those who subscribe £160 should receive the minimum travel discount, while the most attractive perks will be reserved for those who buy £5,000 worth of shares.

Eurotunnel also hopes that shareholders will be allowed to set aside £3,000 of their personal equity plan entitlement for rights issue shares.

Those who do not wish to buy more shares, will be able to sell their rights to subscribe – known as nil-paid rights – on the market.

According to Eurotunnel almost half its UK individual shareholders have never used a stockbroker. To assist them the group is setting up a cheap telephone service which investors will be able to use in the first two weeks of the subscription process to subscribe for the new shares or deal in nil-paid rights.

Until the prospectus emerges, existing shareholders and any prospective new investors can find out more by calling the free share information line, they will be sent a leaflet. Non-shareholders who register in this way will receive a prospectus when it is published; existing shareholders will be sent one automatically.

*Eurotunnel Share Information Line (free): 0800 300393.*

# Insurance without value

A NEW HOUSE insurance product, under which the householder does not have to specify the amount insured, has been launched by Royal Insurance.

As many as three quarters of UK householders could be underinsured, says Liam Ward, Royal Insurance's UK general manager. Homeowners frequently understate the value of their house or flat and/or contents when they take out an insurance policy. A number of companies already sell slightly similar policies but Royal claims that HomeShield2, which offers unlimited cover for contents insurance, is a new departure.

The sum insured is normally based on householders' estimates. In the event of a claim the insurance company will not pay more than the sum insured. In a total claim, for instance after a house burns down, this underinsurance could result in a settlement which is less than the amount needed to rebuild the house. If repairs are needed because of subsidence, insurers will only a pay a percentage of the total claim if they judge that property and contents in question to be underinsured.

A neighbour of mine found recently that she was underinsured when she lodged a claim for repairs needed because of subsidence. Her house's rebuilding cost was estimated at £150,000 compared to an insured value of £105,000. Accordingly the insurance company agreed to pay only £7,000 of the £10,000 needed to carry out the building work. The same rule applies for contents. The victim of a theft may be able to claim only a percentage of total losses if the insurance company judges them underinsured.

Royal's new policy, HomeShield2, offers combined cover for building and contents, but according to Ian Macarthur, the company's domestic account underwriter, is primarily aimed at customers seeking cover for contents. Policyholders are not asked to state a sum insured. Instead they must provide details of their postcode, the type and age of their property and the number of bedrooms; their age, as well as details of all valuables over £1,000 in value.

Royal offers three sets of cover. Basic cover for standard perils, which does not provide insurance for accidental damage or loss, is called the bronze policy. A 'silver' policy adds cover against accidental damage. A 'gold' policy covers policyholders against all losses home and away from home. It also provides insurance cover for legal expenses and gives the customer access to a 24 hour help line which allows policyholders to handle all practical elements of a claim with only one phone call. Royal pays the first £150 of any repair work directly.

As with its previous combined home and contents cover, Royal offers security discounts to homeowners who are members of Neighbourhood Watch schemes or who have security alarms.

Some other companies market similar schemes but most limit the amount of contents that can be insured. This month Barclays launched a policy providing buildings insurance – with rates based on the number of bedrooms and postcode – and contents cover up to £30,000.

## Diary of a Private Investor

# How to tell the top from the bottom

**When should you take profits or cut losses? Kevin Goldstein Jackson suggests pointers**

TAKING PROFITS too soon and not cutting losses quickly enough are two easy ways to damage the performance of a share portfolio. But when is "too soon" – and how is it possible to tell if a share price will fall still further?

Quite often, personal experience will pay. For example, I used to have shares in a number of property companies, but I sold my last remaining property company share in October last year. Why?

On shopping trips to London, Southampton and Bournemouth, I was struck by how many unlet units remained in a number of the shopping centres.

Was there really a demand for all the shops and office-blocks being constructed? I was also becoming increasingly concerned about companies capitalising interest - apparently treating interest on money borrowed for development as an asset rather than as a liability.

Most of my sales of property shares seemed well-timed: I took some good profits and all the property shares subsequently fell considerably - except for one: Priest Marians. I had first bought shares in that company as a speculation in June, 1988, for 380p per share, as I had read that the then-chairman of that company had increased his shareholding. By November of that year newspapers were commenting favourably on the company's sale of a London office-block for £55m in cash, and assets per share were stated as being considerably more than the share price.

In June 1989, I sold Priest Marians shares for 435p each. Subsequently the price rose to 535p per share on takeover speculation, but by the end of last year the shares had fallen to 330p each and this year they have been as low as 17p. Grovewood Securities recently launched a "rescue bid" for the company, valuing the company at around 36p per share.

While I did not get out at "the top," I certainly managed to miss the bottom! There is a temptation with holdings in companies where the share price is falling to hold on in the hope of a takeover bid or some press comment that might create a reappraisal of the "true value" of the company. Few people like admitting to making a loss on a share deal and it can also be tempting to take a profit too soon – just to have the feeling that at least one investment has performed well.

One company whose shares I retained for too long was Birmingham Mint. I bought shares in that company in January, 1988, at 195p, to add to the speculative element of my personal equity plan. The company appeared to be doing well, it had a fairly low price-earnings ratio and seemed to have little debt. In 1987 the shares had been as high as 278p but, like most companies, it has suffered in the crash of October that year. The shares drifted. The company's 1988 annual report proclaimed that "pre-tax profits increased 80 per cent" and the chairman commented: "With all operations performing profitably, we expect another satisfactory year."

In February, 1989, a national newspaper stated that the shares "look cheap at 179p." However, the shares still seemed to be going nowhere, and I thought about selling them. After all, I had little personal knowledge or experience of their products – electrical and electronic components, catering containers, and the minting of coins and gambling tokens. Perhaps I should be patient and the "real value" of the company would be noticed? At the end of September, 1989, Birmingham Mint issued a profits warning, the share price fall rapidly and I sold my shares for £1 each. I felt pleased at cutting my losses, as the shares subsequently fell still further, and at one point this year they were as low as 58p.

This week, IMI, the building products, drinks dispenser and engineering group, made a takeover offer of 85p per share for Birmingham Mint. It would appear that I bought too soon, but hopefully did not sell too soon. Even a higher bid would probably not match the return achieved from the release of my money in the company for investment elsewhere.

Another recent event has also highlighted the benefit of personal experience. In 1986 I made a business expansion scheme investment in a company called Hendring, which was taken over in 1987 by Castle Communications, and I accepted Castle shares and convertible loan notes. I gradually disposed of these Castle holdings – the last being some shares in May this year, for which I received 437p each.

The reason I sold was because every time I went into a record shop, it seemed to be having sales of video cassettes. Some shops were selling video feature films for as little as £3.99, and a few cartoons and music videos were even marked down to £1.99. Admittedly, these were not Castle products, but there seemed to be considerable competition in video sales, and thus a squeeze on margins. With videos so cheap to buy, would video rental suffer a downturn? Also, there appeared to be a glut of second-rate product available, and this might affect buyers' habits.

The month after I sold, Castle shares reached 468p.

The company has recently reported that it has had to make exceptional provisions and there has been a downturn in its video rental business. The shares fell to 203p.

It is impossible always to buy in at the bottom and get out at the top, but it certainly seems to pay to cut losses and take profits – especially when based on personal experience and observations.

THE WEEK AHEAD

# M&S warning feared

SPECULATION THAT Marks & Spencer, the high street clothing and food retailer, may warn of weaker sales growth in next week's interim statement, due out on Wednesday, has led to some weakness in the shares recently. So followers are likely to pay special attention to what the company has to say about current trading, though many put the speculation down to groundless pre-results rumours.

As far as the figures for the half-year to end-September go, analysts expect an increase in pre-tax profits to £225-230m, from £208.7m. Better systems will have minimised the damage caused by difficult conditions on the high street in the UK. But profits from the US Brooks Brothers mens' outfitting business are likely to be down being hit by the price war between US department stores.

Also on Wednesday in a very quiet week for results, Fenner, the power transmission and conveyor belting company, is expected to announce an increase in pre-tax profits for the year ended August 30 to around £16m from £13.3m a year earlier. But growth in earnings per share will be around 5 per cent because of a rights issue.

**DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)**

| Company | Shares | Value | No of directors |
|---|---|---|---|
| SALES | | | |
| ASD (Pref) | 18,028 | 18 | 7 |
| ASD (ord) | 43,200 | 67 | 7 |
| Cairn Energy | 8,000 | 19 | 1 |
| Dalepak Foods | 75,000 | 88 | 1 |
| Enterprise Oil | 77,911 | 516 | 2* |
| Halma | 18,000 | 29 | 1 |
| Hillsdown Holdings | 1,430,000 | 3,875 | 4 |
| Macallan-Glenlivet | 5,000 | 28 | 1 |
| Needler Group | 500,000 | 380 | 1 |
| Porth Group | 100,000 | 25 | 1x |
| St. Modwen | 50,000 | 11 | 1 |
| PURCHASES | | | |
| Automated Security | 370,000 | 697 | 1 |
| Bank of Scotland | 15,000 | 17 | 1 |
| Chamberlain & Hills | 15,000 | 14 | 1 |
| Delaney | 77,500 | 10 | 1 |
| Fr'dly Hotels (Prf) | 15,000 | 14 | 1 |
| Grainger Trust | 16,400 | 20 | 1 |
| Hall Engineering | 10,000 | 10 | 1 |
| Hollas Group | 1,095,384 | 150 | 8 |
| Lookers (Prf) | 40,000 | 21 | 1 |
| N'thumbr Fine F'ds | 300,000 | 135 | 1 |
| Porth Group | 100,000 | 25 | 2x |
| United Scientific | 250,000 | 93 | 1 |
| Whitegate Leisure | 500,000 | 69 | 1 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 15-19 October 1990. (x) Sold by one director to two others. Source: Directus Ltd Edinburgh

DIRECTORS OF large quoted companies with an international spread of business have recently tended to reduce their personal holdings, while directors of small, interest rate sensitive companies have been building up their positions. Shares in Hillsdown Holdings, the food group, have been trading between 240p and 280p. Towards the top of this range, four directors have sold a significant percentage of personal holdings, raising £3.9m.

The Highland Distillers stake in Macallan-Glenlivet has just gone to Remy Martin, taking its stake to 26 per cent. The directors of Macallan have combined to reduce their holdings with a recent sale by the chairman, Alan Shiach, made prior to the announcement that the Highland Distillers stake had changed hands.

Directors of Automated Security have bought more shares with Philip Sorensen, who had earlier purchased 400,000, now acquiring a further 370,000 at a slightly higher price. The price paid for ASD shares reflects a tender offer for 20 per cent of the steel distribution group by French company Usinor Sacilor.

Shares in United Scientific, the defence electronics company, are trading at only 10 per cent of their 1987 high, and the chief executive has been buying. The directors do not hold a great deal of stock, although four have now increased their holdings over the last year. IEP Securities owns 29 per cent of the group.

# A low blow after a bad break

Q&A BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

IN MARCH I had the misfortune to trip and fall over a water stopcock cover which protrudes some half an inch above ground level. The result was a spiral fracture around my thigh and two and a half months in hospital followed by two months in plaster. I am still on crutches and have not worked for many months. Loss of earnings, disruption and compensation, if quantified, would run into some thousands of pounds.

The local authority's insurers have disclaimed any responsibility because they say the trip height is within a reasonable tolerance: "You cannot expect the streets of England to be laid like a billiards table." Although they do not state the minimum claimable height I understand this is ¾ of an inch. I have discussed the matter with a solicitor who, without guaranteeing success, requires some £1,200 to £1,500 up front to cover his possible fees. Do I have any chance of success if I pursue this through a solicitor or should I conduct my own case for a smaller claim in the Small Claims Court?

■ We think that you have some chance of success in your claim - the highway authority's response is disingenuous.

## Loss of trust

FOR SOME years I have had some investments, mostly unit trusts, managed by a member of FIMBRA. In February I notified him that I wished to manage the investments myself. In spite of several telephone calls and letters he has not sent any certificates. I have asked some unit trust managers how long it takes to change from nominees to the rightful owner, and they say from a few days to a couple of weeks. I am naturally getting worried. What should I do about it?

■ You should write to the manager and state that you will take court proceedings against him if he does not deal promptly with the matter, and send a copy of the letter to FIMBRA. If necessary instruct a solicitor to follow this up. Alternatively, you could invite FIMBRA to deal with the problem, but that may take longer.

## On the verge of a dispute

OUR HOUSE, one of ten, borders a field for which planning permission has been sought by the farmer/owner. Access to this field is via the farm buildings and also a smallish corridor. Our deeds show the boundary of our house ends at the stone wall but beyond the stone wall, and fronting the access road, is a grass verge. I have tended this strip of land for over 12 years, the grass cut as a lawn with a flower border against the stone wall. This practice has been followed by the other residents with their strips of verge.

Have we acquired any rights over this strip of land? If so, could I apply for an injunction to prevent a prospective builder from asphalting it.(I would argue that he would only have rights of entry cover the 10 ft wide entrance and would only be entitled to asphalt that portion.) The matter could become important if the farmer decides to use this as the main or sole entry to any housing estate that might be developed. With the consequent construction traffic and, later estate traffic, this would seriously affect the amenities and value of our house.

■ We think that you would not have acquired any legal right to the grass verge, as you have not occupied it so as to be in adverse possession (ie excluding all others from using it). Your best course would be to make representations to the local planning authority that any planning permission to be granted should impose conditions for retaining the present aspect of the verge.

## Silent receiver

SOME YEARS ago I purchased - ill advisedly from Harvard - 5,000 ordinary shares in Spencer King. As I had no information on this company apart from the dealer's comments I refused them: they arrived and I promptly returned them. Following some argument I accepted and paid a little over £1,500.

I received a notification from Moores Rowland (Accountants) that Spencer King were in liquidation. On the advice of Moores Rowland I communicated with the official receiver. As my initial letter went unanswered I wrote again enclosing a stamped envelope. I was unaware of any creditors meeting, but I am aware that ordinary shares rank lowly in the financial order.

I shall be most grateful if you can advise me how I can elicit any information from the Receiver. Another firm of receivers in another sad venture were most helpful when a rescue package was mounted.

■ Write to the Company at its registered office, marking it for the attention of the Receiver or Liquidator. If that fails invite the Stock Exchange Complaints Bureau to intervene in order to establish contact.

## Insurance for homes

ARE BOTH buildings and contents insurance compulsory?

Do I really have to buy them (if compulsory) from my building society, the Halifax?

■ No insurance is not compulsory, whether of buildings or contents, providing the property is an unencumbered freehold. Insurance of the building (alone) may be a contractual liability where there is a mortgage or lease, or both. Where the requirement for insurance is in the mortgage contract the mortgagee usually also reserves the right to specify the insurers. The same may be true in the case of a lease, but there are no statutory provisions for reducing unreasonably high premiums.

CASEBOOK

IT MAY be wise for customers of National Westminster Bank to treat promotional letters they receive with a large bucket of salt. Colin Boylett was invited to apply for a NatWest Gold Plus card in 1987. Derek Wanless, director of personal banking services, wrote that the card would give Boylett the right to an overdraft of £10,000. "The interest on your overdraft" wrote Wanless "would be charged at a preferential rate not more than 2½ per cent above base rate." The message was repeated in an accompanying leaflet.

But following the recent base rate cut to 14 per cent, NatWest has cut the charge on its Gold Plus overdraft to 17 per cent, 3 per cent above base rate. NatWest says that it wrote to all Gold Plus card customers in April advertising changes in the account. Well, it did. But whereas Wanless highlighted the attractive interest rate in the fourth paragraph of his original letter, the April letter mentioned, on page two only, that "details of the revised annual fees and interest rates are available in the enclosed pack".

The letter sings the praises of new services without mentioning that the original terms and conditions have been changed to the customer's disadvantage. Even the enclosed pack did not specifically mention that the margin over base rate was being changed.

NatWest pointed out to the *FT that the original terms* and conditions of the card stated that "interest will be charged in arrears in accordance with the Bank's practice *for the time being*, at not more than 2.5 per cent per annum over Base Rate." But note, the words "for the time being" are followed by a comma. This suggests that it is the bank's practice of charging interest in arrears that is temporary, rather than the rate itself.

Colin Boylett took the card because of the interest rate. He relied on the letter and promotional leaflet that enticed him; now he is sorry he did.

FOLLOWING our article a few weeks ago about the Department of Transport's unwillingness to give an old age pensioner couple their "loyalty bonus" of free shares in British Airways, readers have written to point out further examples of the Department's "user unfriendliness".

These readers have held shares in BA for three years. But they failed to fill in a box in the prospectus, which asked "If you are an individual eligible for the loyalty share bonus write YES in the box".

That box was the equivalent of the inertia selling techniques much loved by the less scrupulous parts of the financial services industry. If the government really wants to encourage wider share ownership, then it should abandon the kind of petty mindedness displayed towards loyal BA shareholders. It *seems that the subliminal* message from the DoT is "shove off Sid".

## COMPANY NEWS SUMMARY

**TAKE-OVER BIDS AND MERGERS**

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated | | | | |
| AMS Inds.‡ | 29* | 28 | 20 | 8.85 | Siemens Austria |
| Birmingham Mint | 85* | 82 | 60 | 12.19 | IMI |
| Blackwood Hodge | 31 | 31 | 21† | 61.24 | BM Group |
| Carroll (P.J.) | Ir160*§ | Ir154 | Ir125 | I£72.84♣ | Rothmans Intl. |
| Chestergate ‡ | 6½* | 7 | 7 | 1.07 | [illegible] |
| Connell | 194* | 194 | 135 | 46.3 | Scottish Widows |
| Foseco | 275* | 280 | 186 | 236.8 | Burmah Castrol |
| Hughes (H.T.) ‡ | 127§ | 128 | 81 | 31.52 | Leigh Interests |
| Lowe Grp. | 430 | 425 | 265 | 111.65 | Interpublic |
| Mount Charlotte | 73*§ | 68 | 59½ | 362.66† | Brierley Invs. |
| Priest, Marians | 34§ | 34 | 30 | 4.60 | Grovewood Secs. |
| R & V Information | 19*§ | 19 | 16 | 0.59☆ | [illegible] |

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 26/10/90. †At suspension. ‡‡Shares and Cash. ‡ Value of 51.1% not already owned. ♣ Value of 51.3% not already owned. ☆ Value of 3,122,850 shares not already owned.

**RESULTS DUE**

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| FINAL DIVIDENDS | | | | |
| Anglo-Park Group | Tuesday | - | - | 2.0 |
| Barrett (Henry) Group | Tuesday | 1.68 | 3.45 | 2.0 |
| Bett Brothers | Wednesday | 1.88 | 3.95 | 2.1 |
| Daks Simpson | Thursday | 3.0 | 7.95 | 3.6 |
| Ensign Trust | Wednesday | 0.3 | 1.0 | 0.3 |
| Fenner | Wednesday | 3.2 | 4.9 | 3.45 |
| [illegible] | Tuesday | - | - | - |
| Honeysuckle Group | Wednesday | 2.0 | 3.8 | - |
| Kalamazoo | Thursday | - | - | - |
| Low (William) & Co. | Tuesday | 2.1 | 4.4 | 2.5 |
| Lowland Investment Company. | Monday | 2.0 | 4.3 | 2.5 |
| MMT Computing | Thursday | 0.8 | 1.65 | 1.0 |
| Rand Mines Properties | Monday§ | 40.0 | 100.0 | 40.0 |
| Smart J & Co. (Contractors) | Thursday | 1.75 | 4.65 | 1.85 |
| Stanhope Properties | Thursday | - | 0.1 | - |
| VTR | Wednesday | 1.0 | 2.0 | 1.1 |
| INTERIM DIVIDENDS | | | | |
| Anglo American Coal Corp. | Friday§ | 155.0 | 260.0 | - |
| Aran Energy | Wednesday | - | - | - |
| Atlantic Resources | Wednesday | - | - | - |
| BDA Holdings | Thursday | - | - | - |
| Bertam Holdings | Wednesday | - | 2.2 | - |
| Bioplan Holdings | Wednesday | - | - | - |
| Blackland Oil | Wednesday | - | - | - |
| Blacks Leisure Group | Monday | 0.05 | - | - |
| British Borneo Petroleum | Wednesday | 6.0 | 16.0 | - |
| Burtonwood Brewery | Thursday | 0.7 | 3.25 | - |
| Centreway Trust | Wednesday | 1.0 | 2.0 | - |
| Channel Tunnel Investments | Monday | - | - | - |
| Culliens Holdings | Wednesday | - | - | - |
| Drayton English & Int'l. Tst. | Tuesday | 0.8 | 2.2 | - |
| Futura Holdings | Tuesday | 0.5 | 1.5 | - |
| Jackson Group | Tuesday | 1.0 | 2.2 | - |
| JMD Group | Wednesday | - | - | - |
| Leigh Interests | Thursday | 2.22 | 4.88 | - |
| Lendu Holdings | Monday | - | 0.7 | - |
| London & Edinburgh Trust | Friday | 1.875 | 3.81 | - |
| Marks & Spencer | Wednesday | 1.65 | 4.55 | - |
| Mezzanine Capital & Income | Wednesday | 7.0 | 7.5 | - |
| Monarch Resources | Thursday | - | - | - |
| Moss Bros. | Monday | 1.5 | 3.5 | - |
| Powerscreen International | Tuesday | 1.45 | 3.59 | - |
| Prowting | Friday | 1.7 | 3.3 | - |
| Ralston Investment Trust | Wednesday | 1.0 | 1.275 | - |
| Reed International | Wednesday | 4.5 | 9.4 | - |
| Rowe Evans Investments | Wednesday | - | 2.0 | - |
| Shiloh | Wednesday | 0.875 | 1.75 | - |
| Thames Water | Tuesday | - | 10.07 | - |
| Tullow Oil | Wednesday | - | - | - |
| Upton & Southern Holdings | Friday | - | - | - |
| Westbury | Thursday | 3.25 | 5.75 | - |
| Westerly | Wednesday | 0.5 | 2.0 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.§ Dividends quoted in South African cents per share.† 2nd interim dividend.

**PRELIMINARY RESULTS**

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Allied Leisure | June | 6,070 | (12,880) | 4.41 | (10.9) | 3.63 | (3.3) |
| Benson Group | May | 3,740 L | (630) | - | (2.74) | - | (0.7) |
| Harmony Leisure | Mar. | 1,020 L | (128 L) | - | (-) | - | (0.17) |
| Invest. Capital | Sept | 18,550♥ | (17,300♥) | 4.95 | (4.61) | 4.85 | (4.25) |
| Lucas Industries | July | 191,200 | (187,100) | 20.2 | (20.2) | 7.0 | (6.25) |
| Mokachnie | July | 28,090 | (39,145) | 23.8 | (35.6) | 14.7 | (14.7) |
| Minerals Oils | Aug | 302● | (289●) | - | (-) | - | (-) |
| Mowat Group | June# | 651 | (6,900) | 0.85 | (7.19) | 0.5 | (1.5) |
| MY Holdings | Aug‡ | 2,050 L | (631 L) | - | (-) | 0.55 | (0.55) |
| Optical & Med. | Mar♠ | 5,070 | (6,140) | 5.5 | (8.6) | 5.21 | (5.11) |
| Pegasus Group | July | 2,550 | (3,080) | 30.4 | (36.7) | 12.1 | (11.2) |
| Pressac Holdings | July | 2,880 | (2,250) | 8.79 | (8.06) | 2.4 | (2.0) |
| Ramar Textiles | June## | 1,120 | (837) | 4.57 | (3.17) | 1.0 | (1.75) |
| Scottish Metro. | Aug | 10,430 | (12,450) | 7.52 | (8.34) | 6.75 | (6.0) |
| Shandwick | July | 20,950 | (14,810) | 18.0 | (14.3) | 3.5 | (2.55) |
| Smiths Indusis. | Aug | 120,000 | (112,000) | 27.5 | (25.5) | 9.9 | (8.9) |
| UDO Holdings | July | 10,360 | (7,860) | 28.4 | (18.2) | 4.59 | (3.4) |
| Whinney Mackay | Apr | 362 | (786) | 4.0 | (9.0) | 2.0 | (4.6) |
| Wolseley | July | 120,700 | (120,200) | 37.0 | (36.5) | 12.1 | (11.0) |

**INTERIM STATEMENTS**

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Airflow Streamlines | Aug | 1,010 | (1,720) | 2.0 | (2.0) |
| Bimec Industries | Sept | 2,000 | (904) | 0.5 | (0.33) |
| Boxmore Int'l. | June | 1,550 | (1,290) | 2.0 | (1.7) |
| Brown H Group | Sept | 5,510 | (5,190) | 1.65 | (1.57) |
| Chelsea Artisans | June | 40 | (395 L) | - | (-) |
| Chillington Corp. | June | 1,200 | (2,920) | 2.0 | (3.25) |
| Co-op Wholesale Soc. | June | 14,900♣ | (14,060♣) | - | (-) |
| Darby Group | Aug | 870 | (967) | 1.2 | (1.2) |
| Denistron Int'l. | June | 376 | (550) | 0.7 | (0.7) |
| Elliott B | Sept | 3,330 | (3,050) | 1.25 | (1.25) |
| Ferguson Int'l. | Aug | 6,530 | (6,280) | 4.25 | (4.25) |
| FR Group | June | 10,800 | (11,900) | 2.23 | (2.23) |
| Grofund Int'l. | Aug | 770‡ | (-) | - | (-) |
| Hammerson Property | June | 33,600 | (38,200) | 3.6 | (3.5) |
| ICI | Sept†† | 893,000 | (1.2bn) | - | (-) |
| Le Creuset | June© | 970 | (655) | 8.13 | (-) |
| Linton Park | June | 4,220 | (2,620) | 2.5 | (2.5) |
| Petrocon Group | June | 769 | (611) | 0.62 | (0.5) |
| Plastiseal | July | 456 | (526) | 1.5 | (-) |
| River & Mer. Geared | Sept | 490‡ | (599‡) | 1.4† | (1.3†) |
| Sucleigh | June | 191 L | (1,410) | - | (0.75) |
| TDS Circuits | Aug | 1,220 L | (1,080 L) | - | (-) |
| Walker JO & Co. | June | 22 L | (49) | 2.0 | (3.0) |

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Last years figures for 8 months.† 2nd interim dividend.‡ Net revenue.● Revenue before tax quoted in US dollars.♣ Trading profits.# Last years figures for 15 months.♠ Revised figures.© Dividend payment in French francs.♥ Total revenue.†† Figures for 9 months.## This years figures for 13 months.

**RIGHTS ISSUES**

Bryant Group is to raise £38m via a one-for-four rights issue at 77p.

Norton Group is to raise £6.5m via a 15-for-4 rights issue at 20p.

MINDING YOUR OWN BUSINESS

# Memories in stone with an artist's touch

Photo by Oliver Rivière

Personal remembrance: Harriet Frazer who runs Memorials by Artists from her home in Snape

**Harriet Frazer has created a network of craftsmen who carve memorials writes Clive Fewins**

WHEN Harriet Frazer lost her stepdaughter suddenly at the age of 26 in 1985 she would have been amazed to think that this tragic event would four years later lead to the creation of a successful small business.

Yet this is how Memorials by Artists, a one-woman enterprise which Harriet runs from home in Snape, Suffolk, came to be founded.

When she tried to find a monumental mason who could supply a memorial suitably fitting for Sophie, Harriet drew a blank. She wanted something tasteful in natural stone with a design that would acknowledge in a personal way Sophie's love of Italy, where she had lived for most of her life.

However, when she visited a few monumental masons that she picked from the local Yellow Pages Harriet found the lack of choice and dearth of original design extremely depressing.

"I tried to explain what I wanted and was referred to No. E 104 in the catalogue. It was an incredibly ugly, ornate, shiny marble creation and I soon realised that I would not get very far with this particular firm," said Frazer.

The result was a radical rethink – and a determination to do better for Sophie. Through friends in Wiltshire she was introduced to sculptor and letter cutter Simon Verity, who had recently completed a beautiful gravestone for a local gardener. It used symbols of flowers and a spade with a robin sitting on it, all carved in deep relief, with finely cut lettering.

"My idea was initially to produce an informative and well designed booklet designed for people in my position and to include photographs of good modern work. The next stage was to build up a register of letter cutters and carvers."

After much thought and research she approached a number of other self-employed artist/craftsmen like Verity, whom she found generally responsive to the idea of setting up a national register and some form of agency to represent them.

In November 1988 she started, with the aid of a grant of £40 a week for 12 months under the government's enterprise allowance scheme and £10,000 of her own capital. She attended a five day government sponsored business course in nearby Woodbridge and visited some 60 small professional letter cutters in many parts of the UK.

Her first commissions started arriving towards the end of the first year and since the beginning of this calendar year, when she produced a comprehensive booklet she has received some 70 commissions worth a total of £100,000.

The object of Memorials by Artists is to provide a service which smacks more of the artists studio than the monumental mason's showroom.

"It is quite vital to treat each client individually," Harriet said. "There is no doubt that it can help people's grief enormously to be involved in the design of a unique memorial that is made with great skill and sensitivity."

When a prospective client first contacts her Harriet sends out her booklet. Then she discusses the kind of memorial required and the likely cost, and then puts the client in touch with a suitable artist.

Usually this is the artist on the register living closest to the client, but if there are specialist requirements, such as a particular form of freestyle lettering or a lot of relief carving it may be necessary to go farther afield. From the moment the client is put in touch with the artist Harriet takes a back seat, attending to the paperwork and acting as troubleshooter. She also checks meticulously to see that the design will be approved by the authorities controlling the churchyard or cemetery involved.

Bearing in mind that this is such a personal service and that the memorials are individual pieces of craftsmanship rather than cut from imported blanks, the cost of stone through Memorials by Artists is reasonable. The finished price can be less than £1,000, although Harriet is also handling two big commissions for family memorials costing £3,000 to £4,000 each. However, in general she reckons that to commission a memorial through her costs the client at most 30 per cent more than through a conventional monumental mason.

All the charges are handled through Memorials by Artists. Harriet adds 30 per cent to the artist's fee if it is less than £1,000. Above that she charges on a sliding scale of percentages. The price she quotes includes VAT and all fixing charges and churchyard fees. If she has to travel any distance to meet the client Harriet charges her time and travelling expenses, and if the client does not accept an artist's design a fee is charged.

"Really it all revolves around three parties – the client, the artist and myself," she said. "Usually the very nature of the service and the way people are recommended to me means things go smoothly."

Harriet thinks it a very important part of her service to increase awareness among all sections of the public of the exciting and interesting work that many practising – and often young – memorial artists can achieve.

She has several young letter cutters on her register who have recently left college or finished their apprenticeships and who charge much less than the established artists.

"Using these artists is both a good way in which to keep a fine tradition of letter cutting going and a way of assisting less well-off clients to commission really worthy memorials that are genuine works of art," she says.

■ *Memorials by Artists, Snape Priory, Saxmundham, Suffolk IP17 1SA. Illustrated booklet £2.50 plus 50p postage and packing.*

# The daily grind feeds a local revival

WHEN the watermill which supplied health foods to Harrods closed in the early '80s, the North Wales village of Pentrefoelas had no employment left except farming, the tea shop and the hotel.

Now the mill is open again. Near by, Robin Williams, a sculptor, makes imaginative lighting for upmarket homes. Glyn Williams sells craft goods from East Asia. Gwennol Ellis runs a bakery in the old school and Meryl Parry Jones a nursing home, employing 15 people, in the old vicarage. There are about 20 businesses in all.

People who make craft goods at home are coming together to design a co-ordinated range. There is a plan, too, for a network of home computer operators.

Pentrefoelas is not the most obvious place for a successful local enterprise initiative. It is isolated and exposed to bad weather, just off the moor crossed by the A5 on its way to Bettws-y-Coed and the coast.

After the mill closed, local people made two abortive attempts to relaunch it. For the second, Charles Wynne-Finch, owner of the estate, and two farmers, Glyn Hughes and Tom Evans, formed a private limited company, Foelas Cyf. Finally they turned this into a non-profitmaking company, co-funded by the Welsh Development Agency and the Clwyd and Colwyn Councils.

Instead of running a business themselves, they offered encouragement for other businesses. Hughes persuaded Clwyd council to take a lease on the mill. Colwyn council took a lease on other buildings. The WDA put in the money to pay a project manager, Berwyn Evans, a builder whose mother came from the village.

The idea was that Clwyd would restore the mill to working order. Other buildings would become workshops for new businesses, their rents helping to pay for the scheme.

The Manpower Services Commission's Community Programme helped start the project. The craft-type workshops, which will also be a tourist attraction, are being completed with a 25 per cent grant from the Wales Tourist Board, which has allocated £150,000 to projects around Pentrefoelas.

Anyone who wants to let a workshop must submit a business plan. Local people get priority. The emphasis, says Evans, is on quality goods.

Llew Williams, who runs the mill, is a head teacher on a year's unpaid leave.

He makes stoneground flour under the name Blawd (Welsh for flour) and can produce a tonne a day (worth up to £400, as against a wheat price of up to £150, although some Canadian hard wheat costs £250). After a few weeks' operation, he is selling half a tonne a week to 50 north Wales grocers and bakers. He finds two or three more customers on each sales round.

But he is not relying solely on flour sales. He offers the mill complex as a technology workshop for schools: the new national curriculum places a greater emphasis on technology.

He is looking for a wholesaler to take his flour – if he is showing the mill to schoolchildren, he cannot be out selling.

Gwennol Ellis, wo works at the bakery, is also a teacher. She moved from job to job as home economics disappeared from school timetables and decided two years ago to put her knowledge into practice.

She borrowed £10,000, from the Welsh Development Agency and a rural agency called Clwydfro, for equipment and a second-hand delivery van. She has since invested about £5,000 of her profit in more equipment.

"The business has been paying its way from the start but I haven't been able to draw much money from it," she said.

"It 's there on paper but it's been ploughed back. I was interested in healthy eating, whole food, but there weren't enough outlets in the area. So I produced traditional cakes, as made at home, and I'm now introducing more wholemeal flour."

She employs one full-time assistant and three part-time. They make 200 sponge cakes a day, 60 fruit pies and 90 fruit loaves which go to delicatessens, village shops and cafes.

Sculptor Robin Williams from Colwyn Bay made jewellery for colleagues and local shops while at Brighton College of Art. Then he took a business course at Lampeter. A Chester shop asked him for candlesticks to go with furniture by Tim Stead which was organic, burr oak and elm, all gnarly.

Besides candelabras he makes uplighters, about six feet tall, out of steel rod cold-forged into sinuous shapes. They retail at about £350.

"They grow as I am making them. I think it gives them more life. I can make one in a day.

He started in business with a £1,000 overdraft and £500 of his own savings. He is gradually making more money, around £10,000 a year.

Glyn Williams's Thai, Burmese and Indochinese artefacts sell at anything from 90p to £2,000, for some antique pieces. They have raised the odd eyebrow in Pentrefoelas. Plainly they are not part of a Welsh tradition. As a boy in Cerrigydrudion, the next village, Williams became interested in wood carving. Now he buys direct from hill tribespeople in Thailand. With a friend, he is setting up a factory in Thailand where the carvings will be dried and oiled.

He invested £50,000 in his initial stock of goods and is now restocking for the second time. His sales are 50 per cent up on last year.

"I had the most ugly cats you ever saw. But they were among the first things to go."

**David Spark**

PERSPECTIVES

# Shaky evidence for the Bible's taller tales

***Robin Lane Fox** questions an exhibition that links Testament texts and archaeological evidence*

THE BIBLE says some very odd *things and some of* its stories are as tall as the Tower of Babel: where do they come from and are they true? Seeing, above all, is believing: the Bible names places, peoples and objects which ought to have left some traces behind them. Why not go out and try to dig them up?

For more than a century, the Bible and archaeology have kept up a well-publicised dialogue. Newspapers have played a very important part. They have sustained a public belief *that anything may yet turn up* to confirm the biblical story, "Ur of the Chaldees" tablets naming Abraham from the long-lost city of Ebla or (this very summer) a genuine golden calf. In the '20s, Leonard Woolley was publicised for finding all sorts of things in Iraq, including a proof of the biblical flood: since then biblical "finds" have made news.

Much less is ever said about the next stage of the process, the discovery that the finds are not really biblical at all and that Ur, Ebla or the walls of Jericho have done absolutely nothing to confirm anything in the biblical text. Behind the *news flashes* and instant books, there is a plain question: how can a find of dumb objects ever confirm a complex, written text? They are more able to establish a negative, a point which can have a much wider reference, not least for the truth of a book like the Book of Joshua.

*Until March 24, the British* Museum is re-opening this old dialogue with an exhibition on The Bible And Archaeology. It is well displayed and its hard core of Biblical favourites from the museum's own stock have been joined by some fascinating extras on loan.

Among the dumb objects, the most handsome and to my mind, most fascinating are a pair of stone bone-boxes, or ossuaries, one of which is inscribed with its occupant's name. From the first century BC skeletons were laid to rest in these stone containers in the area of Jerusalem. This marked a change from the older practice of burial: shortly before Jesus' lifetime richer Jews began to pay for a separate home for their *bones*.

Were they anticipating a resurrection in which individual bodies would one day be important? This cannot be ruled out, but it is not the only explanation. Some of the inscriptions on these boxes are in Greek. These inscriptions have been used as evidence for the prevalence *of Greek in Jesus' own* milieu in Jerusalem: here, their significance is still exaggerated.

*From an earlier date*, it is eerie to see two of the first three-dimensional figures of the human form, found near Amman and from as early as 7000-6000 BC. What, though, do they tell us about the Bible? *Not much, except that the* carefully reckoned date for Creation of 4004 BC is wrong.

From the buried objects at Lachish to the museum's own recent digs in the central Jordan valley, dumb objects are well-displayed. The famous *bits* of ivory from Samaria are presented as evidence surviving the time of Ahab (c 860 BC), although recent scholarship has brought them down about 150 years. *Links* between such silent objects and scripture are tenuous: to go further, we need texts.

*The heart of this exhibition* is its written evidence. Old friends are back on view: the Amarna letters, written in wedge-shaped script in the mid-second millenium on little tablets of clay; the vivid cam-

> *'How can a find of dumb objects ever confirm a complex, written text?'*

paign-records and pictures of the Assyrian kings (the two on show knock a hole in the Biblical accounts of Ahab and Jehu). I am always thrilled by the rounded cylinder of clay on *which Cyrus, King of Persia,* returns heathen gods to their former temples around newly-conquered Babylon. The prize exhibit is one of the Dead Sea Scrolls, a big roll of leather, found in 1947, on which members of a sectarian Jewish group have written their interpretation of the prophecies in the old book of Habbakuk.

It is a masterpiece of textual distortion and misreading, as if somebody were to take the wartime speeches of Churchill, analyse them word by word and claim that they were predictions of future movements of currencies in the EMS. This scroll is a powerful comparison for the torturing of old prophecies out of context, practised by Christian near-contemporaries in the New Testament.

Few visitors will fail to wonder how anyone could re-read these little tablets and scrolls, decoding a script which looks like closely-stitched knitting. There is, however, a further dimension: here are contemporary texts of the period which can be set beside the Biblical stories. *Do they back them up?*

The British Museum's exhibitors have not done justice to this important question. The captions on many of the exhibits are tendentious or simply wrong. It is not the case that the Amarna letters lend support to stories in Exodus or that "the apparent coincidence of Hebrews and Hapiru [*mentioned in the external text*] in large-scale building programmes of Rameses II cannot be dismissed." There is an inconsistency here: if the connection is apparent it can be dismissed historically, if it cannot be dismissed *it is* more than just apparent. Many scholars now disregard the entire house of cards.

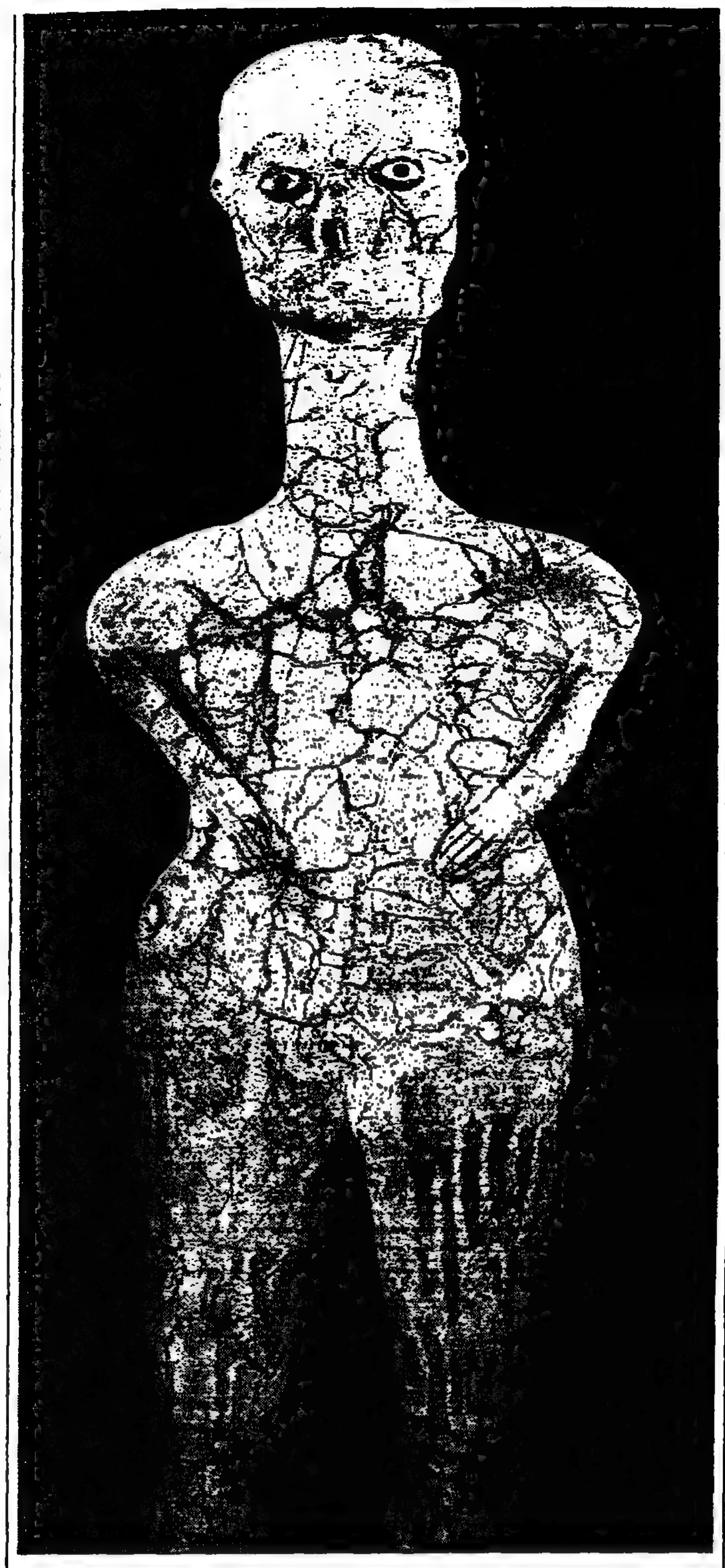
It is not the case that "King Cyrus in the Cyrus Cylinder records his policies of exile, resettlement and religious tolerance which allowed the Jews to return to Palestine": the text has a much more limited scope; tolerance is the wrong word; it does not mention Jews; would God that scholars could responsibly believe that its connection with the Biblical tradition was so simple and historical.

Above all, it is massively untrue that the text of scripture, *found among the dead* Sea Scrolls, conform to the late Hebrew text from which most Bibles' Old Testaments are translated. The loan of a scroll from Jerusalem deserves better than the caption which assures us that "their close agreement is evidence of the reliability with which the Bible has been copied over the centuries." One of the glorious consequences of the scrolls is that they are evi*dence of exactly the opposite*.

These criticisms are not partisan: they are common and widely accepted currency among scholars. An exhibition with such a thoughtful approach to its lay-out ought to have served its public better. Visitors rely heavily on captions, but the BM has slipped into incautious statements in a field where too many people welcome them.

There is a strong and unfounded belief in the value of archaeology, a new science, for literal, trusting acceptance of the truth of biblical texts: this alliance is strongly supported by the least scientific of modern readers, outright fundamentalists. By all means enjoy the texts, the Assyrian reliefs and the model of Herod's Temple, but never let your guard slip and ask the continuing question: how, if at all, do these objects relate to the Biblical stories, and how do they have to be twisted in order to strike up a close relationship?

■ *The Bible And Archaeology, open 9am to 4.30pm, Room 28, British Museum, £2.*



Figures from the past: two lime-plaster statues are the earliest known three-dimensional representations of the human form, but they reveal little about the Bible

# A thoroughly modern witch

***Nigel Spivey** on the ancient traditions behind Halloween*

HALLOWEEN is imminent. Shop windows have been reminding us well in advance, as they would for any religious or quasi-religious calendar event. All the fripperies are displayed: the goblin masks, the pointed black hats, the plastic fingernails dripping with plastic blood.

Most of it seems aimed at children, for children like to scare and be scared at Halloween. And we adults mostly indulge the nonsense. For some of us it is absurd, to others offensive. But spare a thought for the serious practitioners of witchcraft: they too *find the commercialised Halloween* absurd and offensive.

I discovered this when I met my first witch last week. Like anyone primed with Halloween bogeymen, the three sisters of *Macbeth*, and the general Christian suspicion of occult practices, I half expected to be lunching on bats' innards with *a cackling old hag. Instead*, I found myself in the company of a gracious and articulate young woman. She cast no spell: simply put me right on what constitutes the modern witch.

Witches do not advertise themselves; they are about as discreet as Freemasons and in *fact they acknowledge common* ground with the Masonic movement. Though some of us may have friends who are witches, and never know it: contrary to the propaganda of certain evangelical Christian groups, witches do not attempt to recruit members to their coven. If you want to join a coven, you have to search in the right places; and if you want to meet a witch, you need to bend an ear in special directions: wholefood shops; Tolkein societies: circle-dancing clubs.

But when you get to one, prepare for some disappointment. In a proper coven there is no shedding of blood; nor *broomsticks, nor even pointy* black hats. Witches do dance naked around bonfires, it is true: but this is a ritual free of eroticism, and the nakedness is intended as a levelling device. Some witches may be doing this on Halloween: my witch, however, thought Halloween not as important as the solstices, equinoxes, and *full* moons of the year.

But she could explain how Halloween has come to be associated with witchcraft. For our Celtic ancestors, October 31 was one of the year's hinges, marking the onset of cold, and the time to bring down herds from unsheltered pasture. Leafless trees signalled the end of the year, and thoughts returned to deceased forebears.

*So Halloween, or All Hallows* Eve, was the night when the community of the dead loomed closest to the society of the living. Spirits and faeries were at large: and those claimed to be in contact with the community of the dead had, so to speak, a field day.

It is easy to see how hobgob*lin phantasies derive from this* Celtic observance. Modern witches have inherited that tradition, and that reputation, but they have overlaid it with so much sophisticated mythological and astrological science that it now takes about ten years to become properly schooled in the "craft."

Much of this training is not at all sensational. It consists of complex meditational techniques — the object of meditation being to communicate with the Other World. The Other World is not at all spooky to those who have travelled it. It contains archetypal figures, such as King Arthur, with whom we are all familiar, and also his magical right hand man, Merlin.

In the terminology of the Other World, Britain is "Mer*lin's enclosure*" and if ever Britain is threatened by an outside power, we can count upon several thousands of witches to begin invoking the defensive capacities of the Round Table.

I admit *I like* hearing all this. I harbour a moderate fondness for Tolkein, and a moderate scepticism towards the practice of any magic, black or white. But I can see that we need to revise our cultural commonplace of what witches are. Modern witches do cast spells — for example, if one member of a coven is made redundant, the others might invoke special rituals to find new employment *for her* — and they do dress up, or strip off, in extraordinary ways.

They also teach themselves the archaic skills of herbal healing. But they have nothing to do with paedophiles who abuse children under the guise of satanism; they deplore the trade in waxed manikins and *such like; and they cannot be* categorised as tricksters.

This re-estimation comes not simply from single encounter with a single witch. Last year a proper anthropological study of witchcraft in present day England was published (*Persuasion of the Witch's Craft*, by Tanya Luhrman), a book which amply demonstrates that the equation of witchcraft with evil is quite mistaken.

I wonder *how* true that equation ever was. The latest historical assessment of the persecution of witches in Europe and New England sees the process as one whereby male dominated communities suppress any attempt on the part of women to assert themselves.

That witches are always *women is not true, but witches* are mostly women, and there is a good reason for that. The ultimate object of worship in witchcraft is Mother Earth, in her various physical denominations. She naturally appeals to feminists; and so long as state religion remains patriarchal and hostile to female participation, *I find* it entirely understandable that intelligent, gentle women — like the lady I met last week — *should* become witches.

Fishing

# What the Irish missed

THERE IS a certain species of smile, part shame faced, part triumphant, which is produced by undeserved and unexpected good fortune. I encountered it the other day, on the face of a man I know and like, who runs a first-rate fishing tackle shop in Reading, Berkshire.

He had just returned from a week in Scotland, fishing *the Deveron, and his smile* told me as much as I wished to know. At the end of a season paralysed by drought, he had hit it just right. He and his companion had caught 17 salmon in the week — not bad, eh?

Indeed, I thought savagely. That's only 95 per cent more than I've caught in my life. And of my career total of nine, four came in one morning, and three of those had to go back because they were late season kippers. I felt like gaffing him, but instead managed a muted congratulation.

He asked me how I had fared in Ireland, and an involuntary groan escaped me. For I had just returned from a long and keenly awaited excursion to the Republic, with nothing more substantial than a familiar and impatiently received tale of failure.

In the contrasting experiences of my friend and myself is encapsulated the swinish character of salmon fishing. He is, of course, a far better fisherman than me. But *there is more to this monstrous* disparity than that.

My friend was in Scotland; *it rained*; he caught fish. I was in the Republic of Ireland; it did not rain (or not enough to do any good); I caught nothing. That success and happiness should depend on the willingness of some suitable weather system to drag itself in the right direction at the right time is simply not fair. But it is the name of this particularly bloody game.

Having had my gripe, *I still* insist that the reasons which took me to the Blackwater were sound. What is more, once a new season has come round, and assuming I have *managed* to ingratiate myself with a stern Providence I intend to return to it. *It* remains my belief that, given a modicum of good luck, it offers as good a chance of decent salmon fishing as any *river to which access is* possible.

Two years ago the 12 miles of the Blackwater owned or rented by the Blackwater Lodge Hotel, at Upper Ballyduff, in County Waterford, produced nigh on 1,500 salmon. Last year the total was 1,200. This year it has been rather less than a third of that. No wonder the faces in the bar were as dark and twice as long as the pints of stout.

Being hotel water, it is hard fished. When I was there, *the* occasional fish was still being lured from the paltry flow of water, most of them on horrible purple shrimps. A chum of mine caused a minor stir *by employing a fly to catch* what was, at two pounds, quite the smallest salmon I have ever seen.

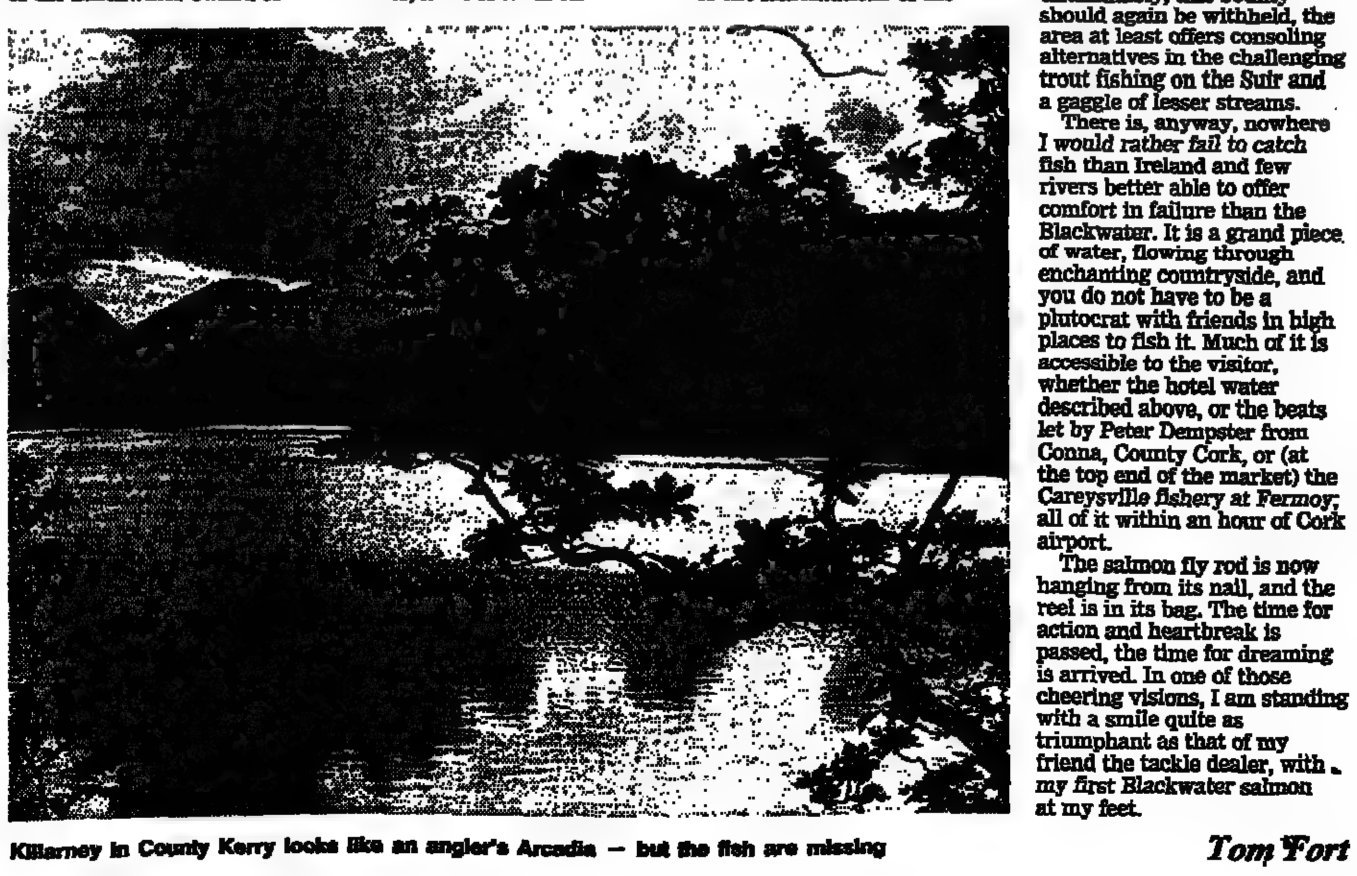
I fished a couple of the Blackwater Lodge beats, both of them with a nice variety of water, both of them normally full of fish. I never felt I was in with a significant *chance. I breathed the soft air*, admired the cows, enjoyed the rhythm of casting, and listened to the lamentations of the regulars. The sixth sense, the one which activates expectation of action, was at *all times dormant*.

Elsewhere, the river was little disturbed by the tread of desperate anglers. The Careysville beats, below the Duke of Devonshire's handsome Georgian lodge, were untouched. *At Mallow* the locals had packed it in six weeks before, to wait in vain for the rain which never came.

It can't be as bad again, they said, and I believe them. And the time to go, I was reliably informed, was not September, but June. The small summer salmon, the grilse, should then be *running the river in* numbers sufficient to give anyone hope. And if, unthinkably, this bounty should again be withheld, the area at least offers consoling alternatives in the challenging trout fishing on the Suir and a gaggle of lesser streams.

There is, anyway, nowhere *I would rather fail to catch* fish than Ireland and few rivers better able to offer comfort in failure than the Blackwater. It is a grand piece of water, flowing through enchanting countryside, and you do not have to be a plutocrat with friends in high places to fish it. Much of it is accessible to the visitor, whether the hotel water described above, or the beats let by Peter Dempster from Conna, County Cork, or (at the top end of the market) the *Careysville fishery at Fermoy*; all of it within an hour of Cork airport.

The salmon fly rod is now hanging from its nail, and the reel is in its bag. The time for action and heartbreak is passed, the time for dreaming is arrived. In one of those cheering visions, I am standing with a smile quite as triumphant as that of my friend the tackle dealer, with *my first Blackwater* salmon at my feet.



Killarney in County Kerry looks like an angler's Arcadia — but the fish are missing

**Tom Fort**

# The kindest cuts of all

VOLUNTARY submission to the surgeon's knife, particularly on the sensitive cornea of the eye, is either an act of masochism or advanced insanity. However, insane or not, I recently found myself by premeditated design undergoing an operation *called radial* keratotomy to cure my myopia (short sightedness).

The results have been miraculous, in the Biblical sense of "and the blind shall see". Unlike cosmetic surgery, which might improve the sight in the eye of the beholder, radial keratotomy improves the beholder's sight, and the improvement in my vision is excellent.

In 1974 Professor Stanislav Fyodorov, at the Moscow Institute of Eye Microsurgery, performed the first radial keratotomy (RK) surgery. Fyodorov has appeared on British television and is known in the UK *more for his "conveyor belt"* approach to public health efficiency than for the performance of eye surgery.

However, in 1980 the US National Eye Institute instituted five years of trials to test RK. The operation is now accepted by the US Federal Department of Health as safe and effective, and more than 500,000 operations have been carried out worldwide.

*The surgery is used for* short sight or myopia — where the length of the eye is longer than *normal and, as a result, light* waves are brought to focus at a point which falls short of the back of the eye (retina). RK can also be used for astigmatism. Unfortunately, it cannot be used for long sightedness — the inability to see clearly close to items, which generally comes in middle age.

RK involves cutting microscopic incisions in the cornea in a circular pattern. No cuts *are made on the middle of the* eye. The surgery leaves tiny scars which are invisible except under a microscope.

In optical terms, the value of 0 is taken as being 20/20 or "perfect" vision. My sight level was about -2.5, not particularly bad, and four cuts were made on each eye. A greater number of cuts is required for a greater degree of myopia. The incisions reduce the curvature of the cornea, causing the eye to focus closer to the retina — as with good sight — instead of in front of it.

*My* treatment began with a consultation and eye examination. A computer was used to *examine the eye and plot the* surgical incisions. The surgery is done by operating microscope (microsurgery). One eye is operated on at a time and my surgeon aimed short of 0, or "perfect" vision, for specific reasons. After surgery the eye may settle down at +0.5 more than achieved by the operation. *To aim for -0.5* gives near perfect vision without the need for glasses, yet ensures long sightedness does not *result*.

I was told that for someone with my -2.5 myopia in their twenties there was a 93 per cent chance that I would not need glasses after the operation. Also, only 15 out of 300,000 operations undertaken had resulted in eye infection.

So, risks accepted, disclaimer of liability form read, digested, dissected and signed, I waited for surgery in a *waiting room* near Harley Street, together with my fellow patients: a birdwatcher/naturalist, a mother and *daughter*, a middle aged couple with tattoos and a building worker, all with the common aim of restoration of sight.

The operation is done under anaesthetic eye drops at an outpatient clinic and does not take long, maybe 15 minutes or less. There was no pain whilst the incisions were made, and I left after an hour's rest. The eye was very sore that day. I took painkillers *and* went to bed. I felt obliged to attend the office the following day and was able to work, but with a sore and swollen eye.

Then, as the swelling came down, I was increasingly aware of the incredible clarity of vision achieved. I could see in a way I had not done since I was a child. *Six weeks later* the second eye was operated upon. I have had no complications, no headaches, no blurred vision, no problems with glare, no difficulties swimming or exercising or reading. My vision has remained excellent since the operation in January.

Unfortunately, the operation is not available on the NHS; however, the cost of glasses, lenses and their replacement over the years does not fall far short of the £1,150 treatment cost.

■ *I was operated on at the London Centre for Refractive Surgery, 21 Devonshire Square, London W1N 1PD, Tel. 071-935-7723; 071-487-4176.*

**Susan Singleton**

# Early days of a fine vintage

***Edmund Penning-Rowsell** believes 1990 is likely to be another important year for clarets*

ALTHOUGH TOO early to rank, the 1990 clarets are clearly outstanding – a prospect that will not exactly cheer all those who have bought wines from the five important vintages in the last six years, including the exceptional 1989.

From the start this year looked like being a winner. After a mild winter the budding of the vines was a fortnight ahead of last year, and although April and May were not as warm as in 1989, the flowering of the vine at the end of May was two days ahead of 1989 and 17 earlier than in a normal year. Poor weather in June prolonged this vital stage in the vines' development, and the results were uneven.

In July the weather improved dramatically, and the great quantity of grapes produced led to a thinning of the bunches *(éclaircissage)* on an unparalleled scale throughout the Gironde. *Almost half the potential* crop was cut off at Ch Margaux, and an average of 50 per cent was eliminated in the Moueix estates on the Dordogne right bank. For the first time ever, half the potential crop was removed at Petrus. The vineyards were littered with small green grapes *(vendange verte)*; an expensive operation, conducted with great care, it cost Mouton-Rothschild an estimated FFr2m. This improved the quality but did not necessarily limit the quantity of the approaching vintage. For example, at Haut-Bailly in the Graves half the bunches were cut off, but the basic maximum yield of 50 hectolitres per hectare was produced, although there, as everywhere, a selection will be made for the grand vin bearing the château label.

Extremely hot weather, leading to drought, occurred in July and August, with 13 and 15 days respectively when the temperature rose above 25°C (77°F) compared with nine days and three days respectively in 1989. At Cheval-Blanc for several days in August it reached 40°C (104°F) in the vineyard, and it was the hottest August since the Bordeaux Meteorological office was started in 1927.

This led to an early vintage, starting on September for the dry white wines, and on September 10 for the red Merlots and the sweet whites. Although this seemed all very well, hot weather is not the only recipe for a fine vintage, and the drought led not only to uneven development of grapes, but with only 40mm of rain in July and August, compared with an average of over 100mm, this meant thick skins and little juice.

A first-growth director told me that in early September 3 he was depressed by the state of the Cabernet-Sauvignons in his vineyards: unripe and with very little juice. However the *situation* – and in much of the Medoc the vintage – was saved by good rain later in the month, so that September registered a reasonable 60mm rainfall. The Cabernets swelled and ripened to a degree that reduced the need for chaptalisation (sugaring of the must in the vats to provide a higher alcoholic strength). Although the Cabernet vintage officially opened on September 17, the more important château held off for a week and finished in the first or second weeks of this month.

The very hot summer led to high sugar-content and alcoholic strength, which means a difficult vintage, for this makes it harder to convert the sugar into wine, and a surplus could lead to volatile acidity, ie vinegar. This has been a special problem in Sauternes and the other sweet-wine districts, where the "v.a." was not far below the upper legal limit to qualify for the appellation.

The white wines have also been very successful, and the dry type are better balanced than the often over-ripe, acid-short '89s. They will be dearer. Owing to the early development of *pourriture noble* the Sauternes have enjoyed yet another very fine vintage, superior, some are already saying, to the excellent '89.

It has been a big vintage everywhere in the Gironde, and the official estimate is 6.7m hl, compared with the record 6.4m in 1989: and 6.1m for *appellation contrôlée* wines against 5.9m. It has been a particularly successful year for the Merlots, especially in St Emilion and Pomerol, and for the Cabernet-Francy, softer and less tannic than the Cabernet-Sauvignons. This may well be described as a Merlot year, which should mean that it will mature fairly rapidly, for the tannins that can hold up the development of a vintage are ripe: a harmonious year.

Obviously the question that immediately arises is whether the 1990 clarets will be better than the highly publicised and widely-bought '89s. Not even provisional assessments can be made until the fermentation vats are drained and the malo-lactic fermentation takes place to reduce the fixed acidity in a year when it tends to be low, but is judged adequate. But a number of leading wine makers believe that it may be finer, owing to its exceptional fruitiness and concentration.

I tasted a number of samples of Merlots from the vats, and they were sweeter and more accessible than the usual mouth-puckering acidic grape juice. Others suggest that it will be different from but equal in quality to '89, while a leading Pomerol grower said it might be between the "classic" '88 (now extremely tannic after only a few months in bottle), and the "exuberant" '89.

Certainly the '89s will be hard to beat. At many châteaux I tasted a wide range, including all the first-growths and most of the leading seconds and their peers; and they are deep coloured, rich, full-flavoured wines, long-tasting on the palate. Nevertheless 1990 can already be seen as a very purchasable vintage. But at what price level compared with the very high '89 figures for the more sought-after wines?

No-one I met suggested a price increase, though many growers, preoccupied still with their wine-making, had not begun to think about it. Not surprisingly the merchants, who must buy from the properties and sell to their clients at home and abroad and who are more market conscious than most of the châteaux-owners, believe strongly that the fine-wine prices must come down, perhaps as much as 20 per cent. Some leading growers concede that prices must fall, but are unable now to put a figure on it, while others favour the same price as for the '89s, and if not secured are prepared to hold unsold a large proportion of their new crop.

It will be very much a question of cash-flow, and as these days well over half many Bordeaux merchants' turnover is in the *en primeur* trade, for them a saleable price is very important. A great deal of money has been made on recent vintages by the 20 to 25 leading châteaux, and they can afford to hold their wines, but lower down the *cru bourgeois* level sales are not so easy. One of Bordeaux's best-kept secrets is the size of the unsold stocks in growers' cellars. The Comité Interprofessionel believes that they are not large, and in St. Emilion I was told that there are virtually *none at grand-cru-classe* level.

So what are the prospects for *en primeur opening offer* sales? Or to put it another way, how heavily will the Bordeaux *négociants*, prosperous also in the last two or three years, be able to re-sell their purchases to their customers at home and abroad? And how will the latter succeed next year in passing these on to consumers?

The positive factor is that the wines will clearly turn out very well, and sooner or later should be represented in every claret amateur's cellar or reserve; but, as recent vintages show, speculation/investment prospects are not good. However there are two negative factors. First, in the last ten years there have been six important vintages: '82, '83, '85, '86 and '89. Also two medium-to-good ones: '80 and '81; and two not undrinkable years: '84 and '87. Will a wide range of customers fall at once for yet another very good vintage – not overlooking the distinct possibility, believed by some in Bordeaux, that the climate has changed there in the past decade, and that, God forbid, we may be pressed to buy another winner in the '91s?

Second, there is the economic factor. Undoubtedly the wine buying climate has changed for the worse since last year in Britain, in the US and even in France. It is unlikely that it will be much better by the time that the châteaux come out with their opening prices next spring. Accordingly the benefits claimed for early purchase may be offset by these considerations, and a "bargain appeal" by way of substantial price reductions at source may be required to move promptly a large proportion of the undoubtedly fine 1990 clarets.

## Food for Thought

# Secret valleys of French cuisine

FRANCE OWES its success as the world's greatest food culture to the enormous variety of its local culture and terrain. The ever-growing library of books dedicated to different regions of France bears witness to this wealth. However, there are still parts of France which have escaped the attentions of the gastronomic writers; one of these is the French Basque country.

I stress the *French* Basque country. Only last year Maria Jose Sevilla published a fine work on the gastronomy of the Spanish Basques: *Life and Food in the Basque Country* (Weidenfeld £12.95) and London even boasts a Spanish Basque restaurant, Guernica (21A Foley Street, W1 (071-580-0623); but Spanish Basque food is different to that on the northern side of the Pyrenees for a variety of reasons, part historical and part geographical.

The French Basque country is chiefly made up of fertile valleys stuck between high mountains, only in coastal Laburdi is there easy access to the sea. This is not the case in Spanish Euzkadi (the name for the region in Basque) where much of the province is within easy reach of the sea and fish dishes tend to predominate.

It is only in the landlocked provinces of Alava and Navarra that the Spanish Basques begin to rely on the sheep which form the staple foods of their cousins in the French provinces of Basse Navarre and Zuberoa.

Even so, you see plenty of fish in Saint Jean de Luz especially in the covered market. Here the fishermen bring in their squid, Atlantic anchovies, hake and the occasional shad. The most famous French Basque speciality is not fish but ham from Bayonne.

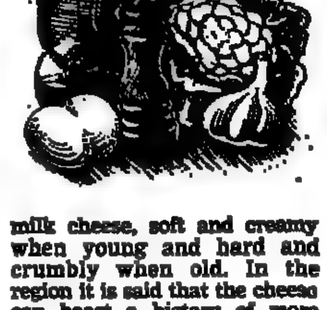
Basque hams, whether they come from Bayonne, Saint-Pée-sur-Nivelle or Saint Jean-Pied-de-Port have a long tradition. Personally I have always found them both too dry and too salt. It was my experience when I visited Bayonne for the first time a decade ago and I had no reason to reform my judgment last month when I returned to the city. The problem seems to worsen when the ham is cooked to accompany a piperade; the saltiness is concentrated under the grill leaving you gasping for liquid to cleanse your palate.

After Bayonne ham, piperade is possibly the most famous French Basque dish along with poulet basquaise, which has become a cliché of the French workers' café as a braised chicken which has mated with a ratatouille. Like the poulet basquaise, the piperade should be made with pimentoes from Espelette which vary in the shops from bunches of waxy red to little gnarled samples with fiery effects. The eggs for the piperade should be cooked in goose fat, a by-product of the many foie gras producers in the mountain villages.

Espelette pimentoes are also stuffed with salt cod in the better restaurants of the pays Basque. Salt cod had the virtue of easy storage; apart from trout from the local streams it was the only fish you were likely to see in the villages until the roads and railways made transport easier.

Until then the Basques must have relied heavily on the flocks of sheep which still cover the mountainsides. As in other parts of south west France the meat is called mutton and it can be quite tough for teeth more accustomed to the animal's tender young.

The sheep are principally there for cheese production. Pyrenean ewes' milk cheeses are among the best France can offer. The local Manech sheep makes excellent hard ewes'



milk cheese, soft and creamy when young and hard and crumbly when old. In the region it is said that the cheese can boast a history of more than 4,000 years. A small amount of cows' milk cheese is also made from the Kazardais cows around the little town of Saint Etienne de Baïgorry.

The Basque country can pride itself on a number of decent restaurants of which the best is probably Archambide, in Saint Jean-Pied-de-Port. Here I had an excellent meal of new season's ceps cooked into a terrine and a pied de porc farci aux truffes (pig's trotter stuffed with truffles) which was obviously a pun on the name of the town. The dish was a variant on that made famous by Pierre Koffman at Tante Claire in London.

In the same town is a charcutier called Aguirre who sells wild boar hams and moist wild boar sausage. It is worth the detour.

■ *Information:* Ewes milk cheese is available (£10.75 per lb) in the UK from Jeroboams, 51 Elizabeth St, London, SW1 (071-823-5623) and 26 Bute St, SW7 (071-225-2232) and jambon Bayonne (£8.15 per lb) from Boucherie Lamartine, Ebury St, SW1. (071-730-4175).

***Giles MacDonogh***

# Meals which seal deals

***Nicholas Lander** suggests how to make the most of a business lunch*

RECENTLY AN internal memo was circulated within a large national newspaper about business entertaining at lunchtime. To help curb rising costs, the memo says, would all those entertaining please keep within a budget of £20 per person.

When I mentioned this over dinner to the French managing director of a very successful woman's glossy magazine his reaction was one of surprise. "They must be doing well" he continued "I've just sent a similar memo around my office and the price ceiling is £17.50."

The business lunch is shrouded in mythology. It is the object of envy and misunderstanding and is certainly open to abuse. However, lunch is a time when a great deal of profitable business can be done. Earlier this year when John Smith was everybody's favourite to be the next Chancellor he was booked for lunch at various City institutions for the following six months.

The lunch trade is also vital for restaurateurs; few can survive on their evening business alone. So, how can one get the best out of a business lunch?

The envy that surrounds the business lunch comes naturally from those who do not partake: secretaries, spouses whose evening meal is ruined because of a too-good lunch and others at the office. While a certain amount of this envy is justified it does miss the most significant aspect of the business lunch – two or more people coming to discuss something that may be of mutual interest, on neutral territory.

At lunchtime restaurants provide this neutral territory. They also provide the comfort to allow people to talk freely and service which should not interfere with the discussion. The food and the wine are definitely secondary. This point may be being neglected by restaurateurs who during the '80s saw their profession achieve respectability in the UK for the first time and even more so by their landlords.

The single most expensive ingredient in any restaurant's costs is its rent, and restaurants in central London have not escaped the recent rapid escalation. At L'Epicure in Soho (071-437-2829), Harold Wilson's favourite when he was Prime Minister, Nigel Tarr has plied his trade for the past 13 years with a landlord with whom he always felt able to sit down and enjoy a drink. In spite of this friendship the rent has quadrupled from to £50,000 and prices will have to go up to compensate.

Acting as secondary offices may not be what most restaurateurs have in mind when they open their doors but it is becoming an increasingly important function at lunch and in the evening. It is also another source of problems. Customers who come in to discuss business often find early on in their discussion that they have nothing to discuss.

Unable to leave, unhappy to continue, they blame the restaurant for slow service that may not be slow but just does not allow them to leave as quickly as they would like. When they do leave they are unlikely to have a good word to say for the restaurant to anyone back at the office.

Many restaurants recognise the importance of their lunch trade and the need for the customer to know just what it will cost when the bill arrives.

The spread of the fixed price lunch with some choice not only gives this price indication but also should allow the kitchen and the waiting staff to operate more quickly and efficiently. It is not yet as prevalent as it should be and my recent survey of over 40 restaurants and hotels in central London showed that the majority which do offer a fixed price menu still do not include service. When this, at 12½ or 15 per cent, is added to both the food and the wine it can come as an unbudgeted shock.

Having spent four years as a commodity trader enjoying business lunches and then eight as a restaurateur working during every lunch service, I pass on some tips that may help you:

■ Location. As travelling through London is now so time consuming, paying extra for somewhere within walking distance can save money. The contrast between the set price menus at Chez Nico in W1, La Tante Claire SW3 and L'Arlequin SW8 clearly show this. In central London the hotels with income from their rooms offer very good value, space between the tables and plenty of staff.

■ At lunch time the top hotels and restaurants can offer the same cachet and quality but at prices considerably lower than in the evening; the set price lunch menu can cost the same as one main course later. If creating an impression is part of the business lunch this will be money well spent.

■ Wine. An area that can lead to considerable misunderstanding but one that can lubricate and clinch a business deal. As host and recipient of the wine list you are in a position to set the tone of the lunch; a glass of champagne at the beginning can work wonders and a half bottle can be a very economical method of combining aperitif and wine to go with the meal.

*'To concentrate on business and protect your suit avoid meat or fish with bones'*

It is true that those restaurants/hotels offering the best value in terms of food can be mercenary about their wine prices; but some bargains are to be found in wines from Italy, Germany, Spain, Australia or California with which you can show off your wine knowledge. Almost all bills in restaurants and hotel are now put through electronic cash registers for stock control purposes. As the customer you can therefore ask for the bill as you would like it - one bill for the food and service, another for the wine. This may give you some flexibility when dealing with expense limits.

■ Ordering. What delays the service in any restaurant is not the quantity of the orders but their timing. If you want to be in and out quickly try to avoid booking at 1pm. Every kitchen loves an early order; the kitchen brigade is usually ready and waiting, adrenalin flowing. Try to make your bookings for 12.30/12.45pm or 1.15/1.30pm.

Chefs put considerable thought and planning into their menu and are aware of the cooking times necessary for both their first and main courses. If you are in a hurry ordering just a main course can be no quicker than ordering a fairly straightforward first course – such as a soup, salad or a terrine – which you enjoy while the main course is being prepared. If you do decide to have just a main course and you are in a hurry then you should all try to order from the same section of the kitchen, either fish or meat, and bear in mind that fish normally takes less time to cook than meat. When you are in a hurry tell the waiter as you order.

■ There are plenty of very good and very cheap restaurants in London. Their disadvantage as potential locations for the business lunch is that they offer food which many still do not enjoy. To arrange to meet for a curry or a Japanese lunch when the potential client is allergic to spices or the sight of raw fish is very definitely to start any future business relationship off on the wrong foot. This point should be made to any accountant.

However, there are bargains to be had: a recent lunch for three at the Dragon Inn 12, Gerrard Street, cost £15.50 for more dim sum than we could finish, while Poons 41, King Street, WC2 (071-240-1743) offers good food in a smart atmosphere with an interesting wine list. Hashino, in its refectory like building by London Bridge offers quite reasonably priced Japanese food (071-407-0927) and now has a sister in Beauchamp Place, Nakano (071-581-3837) One of London's many Indian restaurants offering good value is Gopal's in Bateman Street (071-434-1621) opposite a new Korean restaurant, Jin (071-734-0908): a good lunch at either will cost about £10 per head.

■ If you want to concentrate on business, and not ruin your suit, shirt or dress, avoid ordering meat or fish with bones in. Let the kitchen, or the waiting staff, do the work.

**SET PRICE LUNCHES IN LONDON***

| Restaurants | Price per head (£) |
|---|---|
| **Good value in the City** | |
| Blueprint Café, Butlers Wharf | 20.00 |
| Café du Marché, Smithfield, E1, 608-1609 | 17.50, 15% service |
| Ginnan, Cathedral Place, EC4, 236-4120 | 8.00, Japanese food |
| Vic Naylor, Bar & Grill, EC1, 608-2181 | 10.00 upward |
| The Place Below, Cheapside, EC2, 329-0789 | 14.50, Vegetarian |
| **Restaurants to impress** | |
| L'Arlequin, SW8, 622-0555 | 18.50 |
| Bibendum, SW3, 581-5817 | 21.50, 15% service |
| Chez Nico, W1, 436-8846 | 27.50 |
| Le Gavroche, W1, 408-0881 | 27.00 |
| La Tante Claire, SW3, 352-6045 | 21.50 |
| **Hotels with restaurants to impress** | |
| Capital, SW3, 589-5171 | 18.50 |
| Inn on the Park, Four Seasons, W1, 499-0888 | 22.50 |
| Grosvenor House, 90 Park Lane, W1, 409-1290 | 25.00 |
| Le Meridien, Oak Room, W1, 734-8000 | 21.50, service |
| Portman InterContinental, Truffles, W1, 486-5844 | 18.50 |
| **Good value restaurants** | |
| Cavaliers, SW8, 720-6960 | 18.50 |
| Clarke's, W8, 221-9225 | 20.00 |
| Gilberts, SW7, 589-8947 | 14.50, 10% service |
| Museum Street Café, WC1, 405-3211 | 14.00, bring own wine |
| RSJ, SE1, 928-4545 | 14.50, 10% service |

*prices for three course lunch inclusive of service except where stated.


## Appetisers

FERRARI-CARANO, the medal-bedecked winery that produced the most popular Sauvignon in Vienna's big international comparison mentioned on these pages recently, is planning to export across the Atlantic to the UK.

From January, wholesaler Domaine Drouhin Associates (071-332-1977) will receive a few hundred cases from this hi-tech Sonoma winery built by Reno hoteliers Don and Ronda. Their Chardonnays have shone particularly brightly – well-made, lots of fruit, but unlikely to be confused with the Joseph Drouhin white burgundies also imported by DDA.

A worthy rival to the hugely popular Cloudy Bay Sauvignon Blanc from New Zealand, is on its way – the first offering from Australian Master of Wine Michael Hill-Smith and his globe-trotting cousin Martin Shaw. Look out for Shaw & Smith Sauvignon 1990 £7.95 from Bibendum of London: much fresher and leaner than other Australian Sauvignons.

The Canepa Chilean Sauvignon 1989 recommended on these pages last June has been overtaken by the powerful 1990, now available from Bordeaux Direct (0734-481718).

■ The Good Food Guide from the Consumers' Association £12.95, in its second year under editor Tom Jaine, is once again a good and encouraging read.

More and more restaurants are offering good food and this development is not just confined to the wealthier south east. Greater Manchester boasts 18 entries, the map of Scotland seems studded with entries and Wales and East Anglia, formerly gastronomic wastelands, are very much on the up and up.

■ The arrival of the white truffle from Italy is imminent. Always expensive, prices are even higher this year due to the lack of rain. Opening prices on the central market in Alba and from traders in Turin are as high as £1,200 per kilo – last year's price was £900.

The two main suppliers to British restaurants are, naturally, Italian, Franco Taruschio at the Walnut Tree Inn near Abergavenny (0873-2797) and Antonio Carluccio at the Neal Street Restaurant in central London (071-836 8368).

When prices are as high as this Carluccio's advice is to enjoy last year's truffles preserved. Mixed into a sauce and then eaten with pasta they have a strong flavour; with the fresh truffles shaved on to the pasta the temptation is eat the truffles on their own and leave dry, and very expensive, pasta underneath.

# Strong growth weakens 'elitist' tag

*Norma Cohen gives an overview of the independent schools sector*

IF POPULAR demand for independent education is any measure of its success, then the sector is getting the formula right. More school-age children are now in independent education than at any time within recent memory and they represent a wider range of social backgrounds than ever.

Data from the Independent Schools Information Service (ISIS) shows that roughly 7.3 per cent of children were being educated in the independent sector in 1990, up a full percentage point from the year before.

Meanwhile, independent education looks less and less like the bastion of the rich and well-connected. Some 40 per cent of children in schools are the offspring of those educated entirely in state-maintained schools.

But while the data point to rising demand – at a time of rising costs – educationalists say that great challenges face the sector in the years ahead. For one thing, the government's education reforms raise the possibility that the no-cost maintained sector may become even more attractive to parents than the independent sector, which charges hefty fees.

"It means that we will now be faced with some healthy competition from the maintained sector," says David Jewell, master of Haileybury School and chairman of the Headmasters' Conference.

The government's insistence on a broader curriculum with emphasis on educational basics has wide appeal for parents who may have previously been deserting the state sector. And while independent school heads insist that they do not wish the success of their schools to be at the expense of the state sector, there is little doubt that fears about government policy has proved a boon to private institutions.

Meanwhile, rapid changes are occurring in the views of parents about what constitutes a good education, in part because the government's education reforms have changed the entire debate over curriculum. Now independent schools, which have made much capital over their "traditionalist" approach to education, are being forced to adapt their way of teaching to take account of new demands.

"We have stuck to our guns (on educational philosophy) when there was a great deal of uncertainty elsewhere," says Dr Arthur Hearndon, chairman of the Independent Schools Joint Council. "But the greatest challenge is to keep abreast of developments in curriculum more generally. There is a danger in our becoming encrusted in a particular way of thinking."

And indeed, after an initial period of opposition to the concept of a government-mandated curriculum, independent schools have largely embraced it wholeheartedly.

Robin Peverett, director of education at the Incorporated Association of Preparatory Schools, says headmasters have adopted the national curriculum not out of compulsion, but because of its inherent attractions. Furthermore, because independent and maintained schools prepare children for the same standardised exams at GCSE and A level, there is little point in teaching them different curricula.

"But we've got to be better than they are still or nobody is going to pay our fees," Peverett points out. "And what the public wants is change."

The thorny subject of school fees sets headmasters on the defensive, particularly since costs have risen faster than the inflation rate in the economy generally. In the 1989/90 school year alone fees rose by 11.7 per cent while the retail price index rose 7.7 per cent. A similar rise looks likely this year. "I'm surprised parents still keep coming up with the money," says one headmaster.

While teachers' pay settlements have certainly driven up the cost of independent schools education, capital costs have been the biggest factor in raising fees, headmasters say.

Average per pupil capital expenditure at schools rose to about £520 in 1989/90, up from about £198 in 1981. Soaring interest rates and the runaway cost of construction projects have forced schools to pass these costs on to clients.

Meanwhile, schools have had to adapt rapidly to changing parental tastes in pastoral care at schools. "Several years ago, parents says (to school heads) 'If you go co-ed, I'm going to take my boy out because he'll become effeminate'. Now that has changed completely and co-education is in demand," Peverett says.

Not only are increasing numbers of schools admitting girls to sixth form, but large numbers are now admitting them in earlier years. Indeed, ISIS numbers show that the percentage of girl students in the independent sector has risen far faster than that of boys – 45 per cent of all students in the sector are now female.

Meanwhile, parents no longer take the view that suffering builds character. Gone are cold showers, "fagging" and corporal punishment. Also, emotional deprivation has lost its appeal and fewer schools insist that the institution supplant the family as the child's primary source of intimacy.

"Now you have 'open communication' at most schools," says Peverett. Parents are allowed to telephone their children regularly, to see them at most weekends or to drop in to take them to tea. "Schools are trying to be 'home' after school," he says.

# Plan early to raise fees

SCHOOL FEES in the independent sector have traditionally risen faster than the Retail Prices Index measure of inflation. In 1989, for example, fees were up 11.7 per cent on the previous year against an inflation figure of 7.7 per cent. This year, the Independent Schools Information Service estimates that fee inflation will top 12 per cent. Foresight and good investments are therefore needed to meet the obligation.

Professionals who work in fee planning point out that it cannot be divorced from the family budget as a whole. Sue Douthwaite, a manager in the financial services department of the Croydon-based firm of chartered accountants BDO Binder Hamlyn, says that she tells clients that school-fee planning ought to be viewed as a financial planning exercise with a focus on fees, not as an isolated problem to be solved.

Moreover, school fees themselves attract no tax relief; nor, with one exception, are the techniques for maximising one's fiscal power any different from those available to any other investor. "There is no magic about school-fee planning, says Tony Murrell, managing director at Fraser Marr, the independent financial advisers, "the savings come from securing a tax-free income; you want to be paying the fees out of non-taxed income rather than from taxed income."

For investors able to part with a lump sum early on, educational charitable trusts offer a guaranteed tax-free return. The capital is given to the trustees who invest it, usually by buying a deferred annuity. Payments from the plan go directly to the school, not to parents or guardians.

Suppose that a child were to start school a year from now. According to calculations done by the School Fees Insurance Agency, the Maidenhead-based planning specialists, £30,000 invested in such a trust on November 1 this year would produce £38,643 over five years. This would be sufficient to pay fees of £2,110 for each of three terms starting in September 1991 rising to £3,089 per term in 1995. (The plan assumes only a 10 per cent rise in fees year on year and adjustments may have to be made for this.)

Of course, the longer the payout is deferred the greater are the rewards.

But the buyer must beware. Changes of circumstances can substantially alter the attractions of any plan. The trusts, for example, may only be used for independent schooling. If for any reason the child were not to be educated privately the trust would have to be surrendered, with a possible interest penalty and tax liability. Nor can the trusts be used to pay for university education.

Murrell suggests that the trusts are best used when planning four to five years ahead and he would seek to dissuade clients from holding them for a much longer or much shorter period.

He and his colleagues initially tailor their advice to clients based on a rough measure of when the money will be needed: before or after the "five-year barrier". Funds needed within a period of five years or less are best put in a building society deposit account or high interest bank account, he says. Capital and interest are then used as and when necessary. The tax-break comes for couples where the wife is not working or has only a nominal income. Under separate taxation provisions and using the wife's personal allowance, a husband may give to his wife a sum large enough to earn £3,005 in (untaxed) interest annually if the account is held in the woman's name.

From 1991, Tax Exempt Special Savings Accounts will also provide interest income which can be put towards school fees, although nothing must be withdrawn from these accounts for the full five years of their life if the tax exemption is to be realised.

Beyond the "five-year barrier" – and for parents who must fund plans mostly out of income – a series of endowment life assurance policies timed to mature when school fees fall due can provide the bulk of the sums. With maturity dates ranging from five to 40 years for fixed-term contracts and any time after 10 years for flexible ones, the policies are free from from capital gains tax and basic rate income tax to the investor. The disadvantage is that it may be possible to find higher returns, tied to risk, elsewhere.

This chiefly means the equity market, and indeed, the usual range of instruments from personally chosen shares to pooled funds can be used for school fees, with variable tax benefits.

The thing to avoid if at all possible is a loan-based fee payment scheme. Although they can provide money at very short notice, they are relatively inflexible and attract no tax relief on the interest paid. Some planning specialists also consider that the loans' overall cost is high after administration charges and interest at 2 to 3 per cent above the base rate are added up.

In short, the touchstones for parents are to begin planning early and to strive to add a capital element to any scheme chosen even when fees are to be paid mostly out of income.

**Peter Miller**

# How to pick your school

*Timothy Harper outlines the first questions parents should ask*

PAMELA SATRAN, an American author who moved to London shortly after the current school year began last month, found herself unprepared for the difficulties in finding a suitable private school for her eight-year-old daughter.

"Part of the problem is that at the good British schools, people book their kids in at birth," she says. "I had first read this in the *Sloane Ranger Handbook* and at the time had laughed it off. But it's true. It wasn't like I was in London a little too late. I was eight years too late."

Even before looking for a home, the Satran family launched a London-wide search for a school on the theory that good education is harder to come by than good housing. They thought that if they found a good school, they would look for a home somewhere nearby.

In the search, there was the nagging "Groucho" question, in reference to the comment by the late Groucho Marx that "he wouldn't want to belong to any club that would have him as a member": if a school had a vacancy, did that mean it wasn't a very good school?

On top of everything else, some schools seemed to have vacancies for all classes except eight-year-olds. "There's a real blip in the population," Pamela Satran says. "It's part of the Prince William population swell when everybody had babies. There seem to be spots in all the other classes, but in that class in particular it is hard everywhere."

The younger Satran eventually was accepted into a girls' school in Hampstead, and the family did indeed find a house nearby. But experience points out the difficulties facing many of the growing numbers of parents – not just foreigners – who begin shopping for private education without generations of old school ties behind them.

"The parents who are sending their children to independent schools are themselves a changing social body," says Dick Davison, deputy director of ISIS.

"There are a substantial number of parents who have no background in independent schools. We did a survey of parents of first-year pupils in independent schools and found that 41 per cent of children came from families in which neither of the parents had attended an independent school."

A 1989 MORI poll indicated that about 25 per cent of the parents with children in public schools for the first time had relied at least in part on advice from ISIS in considering and selecting schools. "But we are the first to admit that word of mouth was clearly the biggest source of information for all parents," Davis added. "The thing the schools have to do is have a good reputation among parents. If you have lots of satisfied customers, they will tell other customers."

ISIS received 125,000 queries last year, of which 100,000 were handled by the group's eight regional offices. Many of those parents ended up spending £4.95 for the ISIS annual guide, *Choosing Your Independent School*, which lists details for all 1,400 member schools, including address, headmaster's name, religious affiliation, fees, exams offered, entry requirements and extracurricular activities. The eight ISIS regional offices also publish free local guides on the schools in their areas.

ISIS also produces a leaflet advising parents on several basic steps in the selection process. ISIS and other advisory groups offer a number of suggestions that can be summed up as follows:

- Obtain and read each school's prospectus. Find out about the aims and objectives of the schools.
- Examines the fees. Ask about extra costs such as school books, uniforms, gym clothes, lunches, technical subjects and music lessons.
- Select a short list of schools and then visit them. Meet the head, but also try to speak to teachers and ask to talk with several pupils. Gauge their attitudes and answers to determine whether they are actually happy and enjoying school life.
- Ask about courses and what the school is doing about the National Curriculum requirements. Inquire about the school's academic record, and where its pupils go when they leave. Find out not only the overall teacher-student ratio, but how many students are actually in certain classes.
- If it's a boarding school, ask to meet some of the house staff, and get information about after-school programmes and study periods.
- Take a critical look at the buildings and facilities. Schools may want to show off their latest acquisitions, such as a new pool or a computer room, but examine the classrooms and other places where the students spend most of their time. Consider safety and security, and especially for boarders.
- Find out about school rules and sanctions, such as whether parents are contacted when a child gets into trouble. Know what the rules and procedures are – including the possibility of appeal – for suspension and expulsion.
- Look over the entire school grounds and facilities, and ask about the local area, what rules cover the children when they leave campus and the relationship between the school and nearby residents.

Though it is not yet included on many lists of advice, those parents concerned about fees may want to know what a school is doing to raise money from alternative sources. Schools that are developing non-fee revenue sources such as special summer programs may be less likely to rely on higher fees paid by parents for future income.

There are a number of school consultancy and placement services, including one operated by ISIS. ISIS International was originally aimed at helping foreign families and British expatriates who want a "menu" of appropriate schools targeted for their children's needs, according to John Towey, the senior consultant. However, he adds, more and more business is coming from British parents who are interested in private education but don't know where to begin.

Towey emphasises, however, that families should rely on their own visits rather than anyone else's opinion. "You can send what seem to be two identical families to the same schools," he says. "One may come back and wonder why you sent them there. The other may come back and say it's the best school they've seen."



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WEEKEND FT SPECIAL REPORT - INDEPENDENT EDUCATION

# Needed: an intermediate exam

*Eric Anderson, the head master of Eton, calls for a new approach to encourage pupils to stay on at school*

ONE MAJOR educational problem overshadows all others: too few young people in England stay on at school after the age of 16. It seems to be universally agreed that at least two-thirds of the jobs of the future will be white-collar jobs Yet only one-third of each age-group stays in education after 16. So something must be done – and done soon.

Most of the schemes of improvement being canvassed at present start by abolishing A-levels, or by watering them down to a point where they are A-levels only in name. This is to ignore their two great merits. They stimulate the ablest young people and they make possible a university education of very high standard.

Our universities take students to degree standard in only three years and do it without losing more than a tiny percentage of students along the way. Our doctors, engineers, historians and Nobel prize-winners rank with the best in the world. Relying as heavily as we do on our best brains, we would be foolish to toss away the one part of the system which manifestly works well.

On the other hand, A-levels are admittedly not suitable for all the new sixth-formers who must be tempted to stay on in full-time education after 16. It is not surprising that a boy or girl of this age should be daunted by the prospect of aiming at an examination which demands the commitment of two further years and offers a one in four chance of failure. The very people we now need in the brave new worlds of technology, middle-management and our sales force abroad are those whom A-levels discourages from staying on at school.

The problem could be solved, I believe, quite simply. We need three routes to follow after the age of 16:

- We should retain A-levels at their present standard for those who relish their academic challenge.
- We should encourage the fledgling BTEC as a practical, technological examination for those with the appropriate skills.
- And we should invent an Intermediate examination, in both arts and science subjects, at about half the present A-level standard.

Not much inventive skill is required, for two models already exist, and only need to be adapted.

The first is the Scottish Higher. It is normally taken one year after the Scottish equivalent of GCSE, although some candidates take it after two years. It is the main qualifying examination for entry to higher education, including university education, both for three-year and four-year courses. It is notably effective in encouraging young people to stay on at school for at least a further year after the age of 16. Some 55 per cent of Scots compared with 35 per cent of English pupils do so.

The other model is even closer to hand, in the Department of Education itself. Three years ago it invented a new examination called AS-level. This is a two-year course counting as half an A-level, and declared to be of full A-level standard.

In theory – a dubious theory, most practical teachers believe – candidates are supposed to reach the same level of skills and understanding while covering only half the material of a full A-level course. It is you might say, an A-level split in two vertically. Its purpose is the worthy one of broadening sixth-form education beyond the three A-level pattern, and this it does, but it is suitable only for those on A-level courses.

What it does *not* do is what most needs to be done. It does not offer an exam at a standard intermediate between GCSE and A-level to those whom we want to entice into education after the age of 16. This could easily be achieved by recognising that AS-level should be set at the standard achieved at present after one full year of A-level study. In other words it would still be half an A-level, but an A-level sliced horizontally instead of vertically.

Such a simple change would have three dramatic effects. It would increase considerably the number of pupils staying on at school. Second, since A-levels would remain untouched it would protect the high standards achieved by our best brains at school and university. Third, it would at last give A-level students a ready means of broadening their sixth-form education by combining some A-levels with some AS-levels.

Once schools offer AS-level alongside A-level a great number of possibilities open up. Students become able to pick the mixture that suits them best. The ablest academics may continue, as at present, to take three A-levels, but they may supplement them with an Intermediate AS. Others may take two A-levels and two Intermediate AS-levels – scientists in this way carrying on with a language or linguists with Maths or Science.

Most of the would-be reformers of sixth-form education are searching for one examination to suit everybody. That is a hopeless quest. There is no comprehensive exam which can possibly suit the needs of the ablest academics, the practically-inclined and the new sixth-formers. Variety of talents needs to be reflected in a variety of examinations.

# No fears over curriculum

THE SLOW descent of the national curriculum on to the education system is being watched with guarded interest by the independent education sector. The independent schools, exempt from the legal requirements of the reforms, have largely embraced the new curriculum while maintaining their right to offer a viable alternative.

Much satisfaction is attached to the fact that the national curriculum mirrors policies that have been pursued by independent schools for years.

"The spirit and content of the national curriculum is already in place in what we do," says Neil Boulton, director of studies at Bryanston School, Dorset. "That is why we are adhering so closely to it and why we believe it to be generally a good thing. It is bringing state schools closer to what we have been doing for a long time."

This view is echoed by Tatiana Macaire, headmistress at Ashford School, Kent and chairwoman of the Girls School Association: "I think for many independent schools the incorporation of the national curriculum has not been a great leap, but more a small step."

However, with the government keen to get its message across that the new education reforms will mean greater parental say in their child's schooling – with references to "minimum standards" and "regular assessments" – and the independent sector's admittance that it mirrors its own policies, one might have detected an element of anxiety over potential competition.

Far from it. While welcoming reform of the state system, many in the independent sector see competition enhanced rather than diminished. Vivien Anthony, general secretary of the Headmasters' Conference (HMC), says: "I think we would all welcome minimum standards, but the independent sector does not want a straitjacket over its teaching policies." He points out that being outside the curriculum allows independent schools to offer the classics and individual science subjects and to be more flexible generally.

"The feedback we have had is that parents do not want us to follow the national curriculum to the letter. Their response is generally one of 'thank goodness' when they hear that we will be pursuing an independent education policy while embracing the core of the reforms," Macaire says.

The independent sector has not groaned quite as much as its state counterpart under the weight of the bureaucracy of the curriculum reforms, mainly because the testing, reporting and assessment facilities are already in place to a degree. And some of the reforms are being sidestepped: for example the testing of seven-year olds has not been wholly endorsed by private schools.

Nevertheless, costs are being incurred by the changes and are filtering through into higher fees.

At Ashford, they have already been adapting to the new curriculum at the junior level. "My teachers, I'm afraid, are very tired and we are only at the half-term stage of the first term," says Macaire. The increase in reporting and teaching has meant that the school week has had to be increased from 40 to 45 hours a week and fees have had to rise.

**Christopher Price**

# The search for new finance

FINANCIAL pressures on independent schools has led many administrators to seek alternative funding to supplement the two traditional revenue sources – fees paid by parents and gifts, donations and bequests from alumni and other patrons.

In search of this alternative funding, school officials have come up with a variety of imaginative money-raising schemes, both academic and non-academic. Examples include opening for special summer sessions and offering to rent school facilities to television and film companies for filming.

One of the most successful alternative fund-raising ventures is the summer programme for foreign students at Gordonstoun, the school near Elgin, Scotland. Last summer, 220 boys and girls from 25 countries paid £1,725 each for a three-week Gordonstoun Summer Language and Adventure Course – gross revenues of £379,500 during the school holiday period period during which, until the summer pro-

Ian Beer, head of Harrow

gram began in 1976, the school was mostly unused and produced little or no revenue.

Relying on regular Gordonstoun staff who like the extra income, the summer programme offers courses in English, French, British history, literature and computer programming. Even with the addition of a second three-week course, the school reports that there are more applicants than positions.

John Moore, managing director of the Harwood Company, a management consultancy specialising in advice to independent schools, says such alternative funding schemes are becoming vital. "It allows them to building up their facilities without making a further cash call on parents. Schools are always nervous about putting up their fees and anything the schools can do to avoid that may be attractive," he says.

Moore believes that no school can afford to ignore commercial opportunities. "I think, judging by my contacts, that it's something that schools are having to pay a great deal more attention to. Many schools are losing their virginity about business."

Historically, he says, the top British independent schools regarded themselves as above the commercial fray. But now, with increasing competition for fewer students, even the best schools need more facilities.

"It was only about five years ago that they tended to be rather pious about marketing and would say it was for people selling soap powder," Moore says. "Now they find that they can market themselves and their facilities without compromising their educational goals."

A coming trend, he adds, is corporate sponsorship of school programmes or funding of equipment. "There is a shortage of young people and the companies that are going to employ them have an interest in making a good impression early on."

Ian Beer, the head master of Harrow, advises school administrators and school boards to regard their grounds, buildings and facilities in the same manner as corporate managers regard their factories.

"You've got 36 weeks when the boys are here," he says. "During the remaining weeks of the year the 'plant' is available for maintenance and can also be used to generate income. No business or factory would leave its business premises standing idle for that long."

Beer is managing director of Lyon Services, which uses the school and its grounds to generate income outside its usual revenue sources. Profits are then covenanted to the school.

"School premises would be used for anything from the filming of scenes for television programs like Inspector Morse to the use of classrooms for professional qualification exams," Beer says. "We also have a school in Texas and a school in Japan using the premises for their summer schools."

Like many other independent schools, Harrow's "outside" income is devoted primarily to capital improvements: construction of new facilities such as libraries, theatres and squash courts, for example, together with renovation of existing classrooms, dormitories and offices.

"It allows us to modernise Victorian buildings and to build new facilities where necessary," Beer says. "I believe these measures are necessary if you are going to improve the fabric both of the school buildings and of school life."

**Sean Kelly**

## INDEPENDENT EDUCATION

# Progressive in all but name

THOUGH NO two so-called "progressive" schools are alike, all share a common distaste for the label. The description is now generally inappropriate and frequently embarrassing.

What rankles with heads is the popular linkage of progressives with the permissive 1960s. "We are not a refuge for children of parents with 60s ideas," says Colin Reid, head of St Christopher in Letchworth.

"Progressive is a very pejorative term and that is why we shrink from it," says Darrell Farrant, head of Abbotsholme in Staffordshire, whose founder, Cecil Reddie, is credited with starting the progressive movement a century ago.

So what is a progressive? At the outset they were schools which eschewed the ethos of traditional public schools – symbolised by the three Cs: chapel, classics and competitive games. To this should be added their abhorrence of corporal punishment and cramming, and the promotion of a "family community" within the school.

ISIS identifies 12 schools in Britain as either "progressive" or which adhere to "different philosophies". Such schools – Abbotsholme, King Alfred, St Christopher, Frensham Heights and Gordonstoun are the better known – "pioneered new teaching methods or experimented with relaxed forms of discipline based on trust and friendship between pupils and staff".

Over the past 30 years the progressive movement has resolutely captured the educational consensus. The early pioneers now regard themselves as part of the mainstream. "We are part of the educational establishment," insists Gordonstoun's deputy head David Byatt.

If that is the case then the ISIS dozen pose a problem of definition. For what are we to make of the inclusion of St Anne's, Cobham Hall and Rannoch (all single sex schools)? Genuine co-education (not token sixth form entry for girls) has long been a touchstone of progressives.

And what of cramming? Certainly some progressives remain strongholds of anti-cramming. But as the competitive pressures have increased, so heads of progressives have responded to the cry of the day on the need for more and better exam passes.

The temptation to cram, says Francis Moran, head of King Alfred, is hard to resist, especially when parents insist that "yes, of course, we want our son to be happy, but we do want him also to become a brain surgeon".

"It is partly to do with the 1980s culture to succeed," says Moran. But heavy exam loads "also have much to do with pupils actually liking their subjects," he says. These days a fourth A level for science pupils at a progressive as much as at a traditional public school is often in arts (never treated as a "Cinderella" subject by progressives).

Progressives, indeed all public schools, are well placed to dabble in alternative modes of overall tuition – in and out of the classroom. At St Christopher, the timetable is suspended for the first few weeks of the summer and all pupils and staff go off on an expedition. And Gordonstoun's community-oriented education is a model for schools worldwide. It's certainly "character building", but is it any longer experimental?

"I suspect in the big bang ideological way we are no longer experimental," says Moran. "We are really rather earnest establishments now ... rather seriously conventional."

Progressives still point out that they practice what their founders preached. Today any uniqueness continues to be with particular emphases within an individual school rather than between schools.

The seeds for that individuality were sown at the end of the last century with the founding of Abbotsholme, followed by Bedales and King Alfred. (The latter was set up and is still run by parents, predating the Thatcher reforms to give more power to parents by some 90 years, and in that sense emphatically progressive.) They were followed in the 1920s by St Christopher, Frensham Heights, Summerhill and the avowedly secular Dartington Hall.

The third wave came in the 1930s when Kurt Hahn opened Gordonstoun, setting in train the whole community service/outward bound philosophy best exemplified by the 22 member schools of the Round Square Conference, a worldwide organisation formed in 1966 to promote Hahn's ideas.

As Moran points out: "Progressives are now part of a much wider educational movement. The strength we have got is that we are better funded than maintained schools, and we have the greater freedom to experiment – and get away with it."

**Khozem Merchant**

# The Oxbridge connection

LAST YEAR roughly 50 per cent of students admitted into Oxford University were from independent schools. At Cambridge, the figure was 43 per cent. Given that only about 7 per cent of British children are in private education, the figures should speak for themselves: independents have the edge over the maintained sector when it come to Britain's Ivy League.

But what is it that tilts the balance so heavily in favour of independent schools? David Woodhead of ISIS believes that it has something to do with the atmosphere: "Fundamentally, it has to do with the higher expectations that the independent schools and parents have – that the children will go on. Much of the curriculum is geared towards that end."

Martin Rogers, chief master of King Edward boys' school in Birmingham, agrees: "We have an ethos that persuades the boys that they are good enough academically for Oxford and Cambridge. If you have a tradition [of sending students to Oxbridge], whether independent or maintained, you do have an advantage."

The £960-a-term school boasts a high success rate in Oxbridge applications. Forty-nine of the school's 105 final year boys were accepted last year. Rogers denies that the school holds Oxbridge entry as the ultimate goal for its students, or that it timetables special subjects with this in mind. "We aim at a high all-round standard," he says. "We have a broad curriculum, but also a strong tradition of going to Cambridge."

From the colleges' point of view, the answer is simple. Many comprehensive students do not consider the Oxbridge option. A mixture of fear of social prejudice, ignorance of admissions procedures, and course desirability have adversely affected the level of comprehensive applications.

Michael Preston, vice principal of Banbury comprehensive school, says many of his students, who are well-qualified for Oxbridge courses, will not apply. They are looking for modern courses, with practical applications. "It is more likely that the comprehensive child will not be attracted to the ivory tower [of Oxbridge]," he says. "They are not offering courses rooted in the needs of the 1990s."

Both Cambridge and Oxford, however, are actively trying to solicit more comprehensive students. Dr Philip Ford, chairman of the admissions forum at Cambridge, says: "It is deliberate policy to broaden Cambridge's appeal to schools which hadn't sent applications. There was a lot of talent we weren't reaching." The university launched a video in 1987 which tackled the "prejudices which we felt the maintained sector experienced." The following year applications rose by some 1,500, the majority from the maintained sector.

Oxford University, for its part, is trying to dispel ignorance of application procedures by going round comprehensives. "Some schools are treading new ground," says Jane Minto, secretary of Oxford admissions. "We need to explain more to them. On balance, we spend more time with the state sector."

But this active approach to comprehensives does not necessarily mean independent schools will suffer. Their chief advantage is consistency, says Ford. "The independent sector is slightly less subject to the often conflicting government directives regarding the national curriculum and so forth; also the size of classes, the fact that there is not a shortage of teachers, nor, in some cases, of resources, compared with state schools." These all contribute to a more consistent result, he says.

But independent schools, like comprehensives, are coming under increasing pressure to rethink their curricula.

The proposal to reform A levels to introduce a wider range of studies is not welcomed by Oxford or Cambridge, nor by many of those independent schools with a high Oxbridge entry rate. "The A levels are designed to prepare for the single honours degree course," says Geoffrey Parker, high master of Manchester Grammar School.

"We fear that the direction might be away from academic to more general subjects – that the subject-based curriculum might disappear by the end of the century. We are good at producing good people for a three-year degree and that's something we want to continue."

**Peggy Hollinger**

## MOTORING

# Race is on for Euro vote

*Stuart Marshall looks at the runners for European Car of the Year*

WITH THIS year's international motor shows out of the way, the nailbiting has started in the executive suites of many of the world's car makers. What they want to know is: are we going to win the European Car of the Year Award?

There are seemingly dozens of best car contests run by individual countries but the one that really counts is European Car of the Year. It is decided by 58 jurymen and women from 17 countries. Voting closes on 12 November. For the car makers, the agony ends on 27 November when the result is announced.

As I am not a member of the jury I feel free to speculate on the winner. This year, it is unusually difficult to pick a clear favourite. Even to make an educated guess at the first three cars, regardless of their finishing order, is not easy.

The rules mean that some of this year's most interesting cars are not eligible for the competition. Cars must be all new or at least a substantially changed version of a current model. Just fitting a different engine won't do. And it must be likely to achieve 5,000 sales a year in Europe and have been available in at least five European countries in 1990.

The 5,000 sales a year and "five markets" rules have eliminated such contenders as the BMW 850i coupe, Honda NSX, the Toyota-built Lexus LS400 and the Lotus Elan.

I could not imagine the 850i being chosen Car of the Year because it is essentially a shorter, much costlier version of the BMW 750i saloon even more stuffed with electronics.

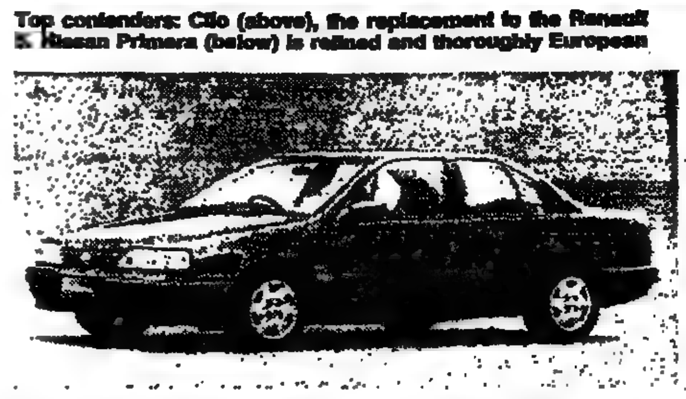
The other three are different. The Honda NSX is a technological tour-de-force. It is made almost entirely of aluminium alloy, looks like a Ferrari but is nicer to drive and has a brilliant 3-litre V6 producing 274 horsepower without the benefit of turbocharging.

Toyota's Lexus was created from scratch to take on such prestigious European cars as the BMW 7-Series, Jaguar XJ6 and Mercedes S-Class. It has been embarrassingly successful in the US. It is the most refined car I have ever driven. Had it been eligible, it could have become the first Japanese car to win the award.

It is a pity the Lotus Elan could not be considered. No car with front-wheel drive can match its handling. It is a more advanced design than one of the nominees, the Mazda MX-5, which set out to offer classic sports two-seater motoring with the benefit of a modern engine and body styling.

The fairest way to deal with those cars which are runners is alphabetically.

Top contenders: Clio (above), the replacement to the Renault 5. Nissan Primera (below) is refined and thoroughly European



Fiat's Tempra is in essence a booted saloon version of the Tipo hatchback that became Car of the Year 1989 but has not set the Thames on fire in the UK. Tempra is handsome and nicely furnished, but no Car of the Year 1991.

The new Escort and Orion replaced Ford's perennial best sellers this autumn. The media, unimpressed by the hype, generally damned them with faint praise, which will not stop them repeating the old models' sales success, for the next few years at any rate.

Lancia's unfortunately named Dedra is, under the skin, an up-market cousin of the Fiat Tempra, with more power and even better trim.

The rear-wheel driven Mazda Miata (MX-5 to Britain) is what many had forecast the new Lotus Elan would be; a logical successor of the original rear-wheel-drive Elan of the early '60s. It is hugely entertaining though less forgiving than the Lotus Elan but at £14,429, within financial reach of more potential buyers.

Nissan's British-made Primera – already chosen Denmark's Car of the Year – is thoroughly European in character, of high specification (all have 16-valve engines and power steering) and built to Japanese quality standards. From the 1.6 litre entry model, at under £10,000, to the potent 2-litre ZX, at £16,997, the Primera is among today's best buys.

The lovely looking Opel (Vauxhall) Calibra coupe fills the void left by the Ford Capri and Opel Manta and, with four-wheel drive, nudges into the Audi Quattro's niche.

Peugeot's 605, which went on sale in the UK recently, nearly a year after its debut, is strongly fancied. A refined and smooth riding car, it is less individual than the Citroen XM (current Car of the Year) with which it shares engines and transmissions. Its styling is soberly elegant.

The Renault Clio, which replaces the 5, is already a common sight in France but will not be seen on British roads until next year. It looks Franco-Japanese and its appeal is wide – from price-conscious family motorists to those who want a small car with power steering, automatic transmission and air conditioning.

Rover's Metro (called the Rover 100 on mainland Europe) is one of the few new cars that has not grown bigger; just better. Although the body is little changed it really is different underneath, with an advanced new engine, 5-speed gearbox and suspension that makes it ride like a much larger car.

Car of the Year's organisers have lumped the Rover 200 hatchback and its very close relative, the Honda Concerto, together and are not considering the 4-door Rover 400 saloon separately. They are nice cars, compact, economical, well furnished, in tune with the times.

The four Toyotas could not be more different. Two are sports cars – Celica and MR2. Celica is a front or four-wheel driven sporting coupe, lovely to look at from the front but curiously obese from behind. The MR2, mid-engined and strictly a two-seater though with reasonable luggage space, is for those with champagne tastes and beer incomes. It looks like some megabuck Italian supercar, goes incredibly well (the GT especially) but at £14,505 upwards is affordable.

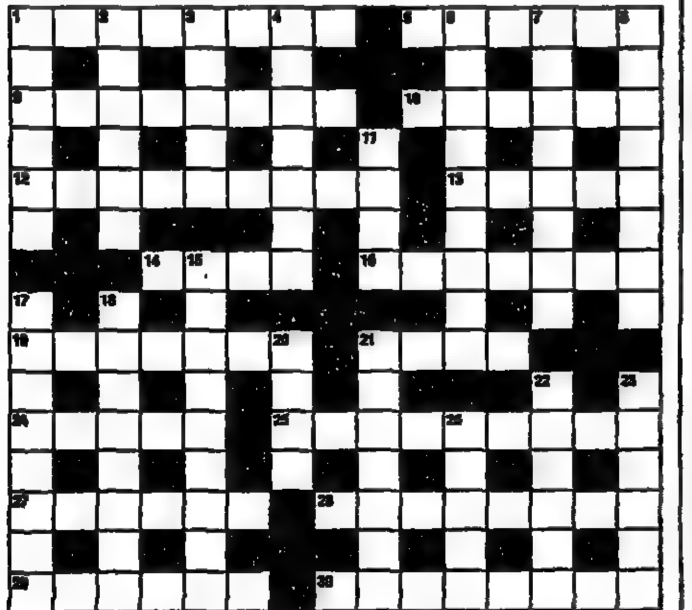
The new Starlet is no more than a neat update of Toyota's smallest car but the Previa MPV (for multi purpose vehicle) is original and trend-setting. A face-forward 8-seater with a huge sliding door on the pavement side, it has a fit-and-forget 2.4 litre, 4-cylinder, 16-valve engine mounted amidships, under the floor. It's big, but drives like a car, not a van.

So who will do well? I think the Mazda MX-5, Nissan Primera, Peugeot 605, Renault Clio and Toyota Previa will get most votes. (Each jury member has 25 votes, of which not more than ten can be give to any one car). And the Car of the Year 1991? My guess is the Nissan Primera or Renault Clio, though I would not put any money on it.

## CROSSWORD

No. 7,378 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 7, marked Crossword 7,378 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 10.



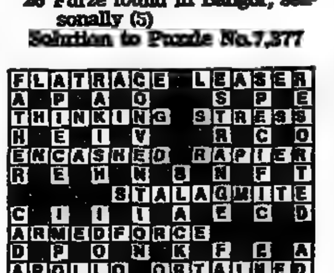
ACROSS

1 Mark out to make a report (8)
5 Little education – drawback for a king (6)
9 Baltimore oriole noted by Stravinsky? (8)
10 Girl in yellowish-grey material (6)
12 States of treated neurotics (9)
13 Letter, say, to hold one's cards? (5)
14 Long piece of wood (4)
16 Evening sun-obscurer, welcome sight to thirsty sort? (7)
19 Present from pair, off to meet the queen (7)
21 Southern gardens at an oblique angle? (4)
24 Old lord of Belgium (5)
25 Girl has an awful transformation, leaving this mountain paradise (7-2)
27 Petitions for quiet introductions (6)
28 Upright third-party confidant? (8)
29 Blackmail formerly a civil wrong (6)
30 Fan sticking (8)

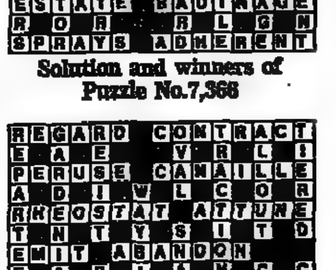
DOWN

1 Failing to leave one's country? (6)
2 Coarse fabric Tudors brought out (6)
3 Overturn upside-down potato, for example (5)
4 Decipherment of Linear B useful to musicians? (7)
6 Fire cashier! (9)
7 Wild boar right among the trees (8)
8 There is still water in old-fashioned containers (8)
11 Covered with dust, from a shot? (4)
15 Silly man, sometimes, at Lord's? (9)
17 Sweet ordered in bed? (5-3)
18 Development part of symphony (8)
20 Got up for wine (4)
21 But not necessarily a main course! (7)
22 Sugar from Brie – so unexpected! (6)
23 It's apt to get upset, over the hill (4,2)
26 Furze found in Bangor, seasonally (5)

Solution to Puzzle No.7,377




Solution and winners of Puzzle No.7,366



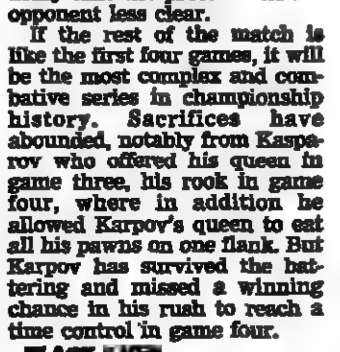

Mrs B. Adams, Verwood, Wimborne, Dorset; N. Clare, Barrowford, Lancs; Dr T.N. Cowie, Balmaha, Glasgow; Mrs P.D. Hawker, Lincoln; M.R.G. Muschamp, Melbourne, Australia.

## CHESS

THE SECOND week of the world championship match became, like the first, truncated when Kasparov surprisingly took one of his three time-outs and postponed game five. Karpov's time-out had been understandable following his heavy defeat in game two, but why Kasparov should suddenly take the pressure off his opponent less clear.

If the rest of the match is like the first four games, it will be the most complex and combative series in championship history. Sacrifices have abounded, notably from Kasparov who offered his queen in game three, his rook in game four, where in addition he allowed Karpov's queen to eat all his pawns on one flank. But Karpov has survived the battering and missed a winning chance in his rush to reach a time control in game four.

BLACK 9 MEN



WHITE 7 MEN

Here Karpov's four united pawns are a potentially winning factor if he can escape the attack. He went 39...Qf7?? blocking a flight for his own king, after which Kasparov immediately drew by perpetual check with 40 Ne7+ Kf8 41 Ng6+. Instead 39...d4! 40 Bf5 (planning Be6+ and Qe4) Qc6+ 41 Kh2 Re6 gives Black good chances of a win by pushing his pawns.

Game three was highlighted by Kasparov's sacrifice of his queen for just two minor pieces and a position where Karpov's queen was so cramped that the best he could do was to offer it back with an inferior endgame. Thereafter Karpov showed his own world class defensive skills, sacrificing a knight then a rook so that his opponent's extra material was insufficient for a win.

White: A. Karpov.
Black: G. Kasparov.
King's Indian Defence (3rd game, New York 1990).

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 Nf3 O-O 6 Be2 e5 7 Be3 Qe7.

Less provocative are Nbd7 or h6.

8 dxe5 dxe5 9 Nd5 Qd8.

Exchanging knights is normal in similar positions, but if 9...Nxd5 10 cxd5 c6 11 d6 Qe6 12 h4! with a dangerous attack.

10 Bc5 Nxe4 11 Be7.

A more direct test of Black's sacrifice is 11 Bxf8 Kxf8 12 Nd2, aiming to consolidate the exchange for a pawn.

11...Qd7 12 Bxf8 Kxf8 13 Qc2 Nc5 14 Rd1 Nc6!

A remarkable concept. If now 15 Nb6 axb6 16 Rxd7 Bxd7 17 b3 Bf5 18 Qd1 e4 19 Nd2? Bc3 threatening Rd8 winning. Karpov puts his king into safety before claiming his material advantage.

15 O-O! Ne6 16 Nb6 axb6 17 Rxd7 Bxd7 18 Qd2 Bc8 19 b3 e4 20 Ne1 f5 21 Bd1 Ne5 22 Nc2 Rxa2 23 Qd5 Ke7 24 Nb4 c6.

Kasparov regains the queen, and has more space for the endgame.

25 Qxe6+ Kxe6 26 Nxa2 Nf7 27 Be2 Nd6 28 Nb4 Bc3 29 Nc2 f4 30 Rd1 h5 31 f3 e3 32 g3 g5 33 Bd3 h4 34 Kf1 c5 35 Ke2 b5.

Another surprise decision. The press room expected Bc6 and believed that the world champion had blundered. But Kasparov later explained that his pawn sacrifice was to divert White's rook from a more active file which it would reach by 35...Bc6 36 gxh4 gxh4 37 Rg1.

36 cxb5 Nxb5 37 Bc4+ Ke7 38 Rd5 Bf6 39 Rxc5 Nc3+ 40 Kf1 Bg6 41 Ne1 Kd6.

The sealed move at adjournment. Kasparov played the second session in 20 minutes after he and his team found only a draw in their analysis.

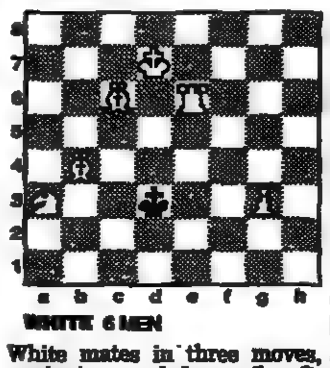
42 Ra5 fxg3 43 hxg3 hxg3 44 Ng2 b5 45 Ra6+ Ke7 46 Ra7+ Ke8 47 Ra8+ Bd8 48 Nxe3 bxc4 49 Nxe4.

White threatens 50 Ne5 and 51 Nc6, so Kasparov's only chance is to fork the white king and rook.

49...g4 50 Kg2 Ne2 51 Ne5 gxf3+ 52 Kxf3 g2 53 Rxd8+! Drawn. Karpov avoids the last trap 53 Kxg2 Be4+ although even that is probably a draw by 54 Kf2. Now if 53...Kxd8 54 Kxg2 as king, bishop and knight cannot win against king, knight and pawn.

PROBLEM No. 844

BLACK 1 MAN



WHITE 6 MEN

White mates in three moves, against any defence (by G. Glass).

A classic problem where White has a decisive material advantage, Black a lone king with just one legal move – but the answer can be hard to visualise from the diagram.

Solution Page XVIII

**Leonard Barden**

## BRIDGE

You will enjoy *Play Bridge with Omar Sharif* (Express Newspapers, £8.95). The conversational style appealed to me – the use of the first person gives it life. Let us look at a slam from rubber bridge:

N
♠ Q 9 5
♥ K 8 5 4
♦ A Q 10 3
♣ 4 2

W
♠ J 10 8 7 4
♥ Q 6 2
♦ –
♣ K J 9 7 3

E
♠ A K 6 3 2
♥ –
♦ J 9 4 2
♣ 10 8 6 5

S
♠ –
♥ A J 10 9 7 3
♦ K 8 7 6 5
♣ A Q

South dealt with North-South game, and bid one heart, Omar, sitting North, raised to three, and South rebid four no trumps. Blackwood with a void is not recommended, but after the response of five diamonds South went six hearts without any hesitation.

West opened with the knave of spades. Ruffing in hand, South at once returned a heart to dummy's king, and his right hand opponent discarded. There was a trump loser. Crossing to his ace of hearts, the declarer led a diamond, and West showed out. One down.

"Very unlucky," moaned South. No – badly played. South should have led the heart ace at trick two. Then he can pick up the heart queen by finesse, and conceded just one diamond. Hindsight, you say. No. If East holds the three hearts, he cannot also hold four diamonds and if West has them, the knave can be picked up. Why can't East have the diamonds as well? Because then West has 13 black cards, and could not pass South's opening one heart.

Now study this rubber:

N
♠ Q 10 6 3
♥ A 5
♦ 7
♣ K 8 6 5 4 3

W
♠ 9 8 7 2
♥ Q 10 8 2
♦ Q J 6 3
♣ Q

E
♠ 5 4
♥ 9 7 6 3
♦ A 5 4 2
♣ A 10 9

S
♠ A K J
♥ K J 4
♦ K 10 9 8
♣ J 7 2

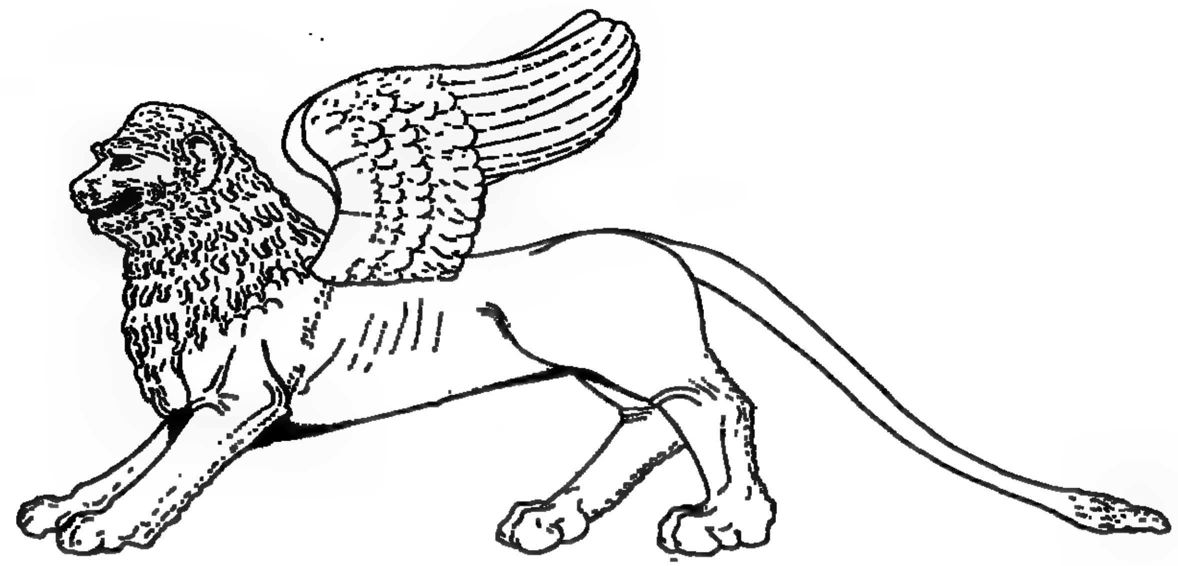
At game all South dealt and bid one no trump, North said two clubs (Stayman), and rebid three no trumps after the response of two diamonds.

Omar, sitting West, led the spade nine, and South took stock. There were six top tricks, and clubs had to provide the other three. The declarer led his club two, and to his delight the queen appeared from West, dummy covered with the king, and the ace won. But there was a shock for South. East returned the two of diamonds, covered by 10 and knave, and West led back the three. East took his ace, and another diamond established the queen while the defence still had clubs stopped.

What should South do? When West produces the club queen, dummy must play low. Now a diamond lead from West is not effective. East takes his ace, and returns a diamond, which South covers with his nine, and West cannot go. As Omar says: "I can't remember the history of this ducking play, but I have a consolation prize. I was West, and South had not come across this play."

**E.P.C. Cotter**

# The Fiat Group is proud to have been associated with the recent State visit to the United Kingdom of President Francesco Cossiga of Italy



## THE LION OF VENICE

The Lion of St. Mark was brought to London by Fiat
for an exhibition at the British Museum.
Officially opened by Her Majesty Queen Elizabeth II
in the presence of President Cossiga,
'The Lion of Venice' exhibition runs until the 13th January 1991.

## UNIVERSITY OF OXFORD

Furthermore, the recent endowment by Fiat
for the Fiat-Serena Professorship of Italian studies at Oxford University
was inaugurated this week by the Italian President.

**Fiat has been present in Britain since 1903 – just four years after its founding. Today the Fiat Group in Britain comprises 25 companies in diverse sectors including automobiles, commercial vehicles, farm and earthmoving machinery, automotive components, lubricants, financial services, bioengineering, civil engineering, chemicals, fibres, robotics and advanced research.**

FIAT

The Fiat Group

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# Property

## Costly water everywhere

***John Brennan** on the attractions of a home with a view — and a yacht mooring*

THERE ARE waterside homes and there are marina villages. The distinction is no semantic quibble. No matter how generously the term "marina" has been spread to cover virtually any cluster of homes in sight of sea, river, canal, or artificial lake, a house with a watery view is not at all the same as a marina property.

The real difference is cash. On Marina Developments' (MDL) calculations a waterfront property might command a 50 per cent premium over equivalent houses in its area. That is impressive enough, but a genuine marina flat or house complete with yacht berth can be sold for two to three times the price of the same sized local property.

MDL ought to know, since it now ranks as the country's largest marina and berth specialist. Its portfolio incorporates the marinas and yacht moorings from the Hamble River to Hayling Island that once made up the Rank Organisation's boat-related leisure division. It owns Hamble Point Marina and took over the Southampton and Plymouth operations of marina pioneers Dean & Dyball. This year the company also acquired Brixham Marina Village, Torbay, from the Receivers.

At first sight, this temptingly high-margin niche market does appear to be overwhelmingly competitive. House-builders' have been swift to recognise the premium value of building near water. Yet Philip Mason, Marina Developments' managing director, laughs off the suggestion of a potential oversupply of yacht-linked homes.

Builders certainly did adopt liquid lawns enthusiastically in the 1980s. As residential developments won acceptance from planners and buyers as a legitimate option for former industrial area regeneration schemes, the release of surplus dock and wharf space helped to ease the shortage of building sites. If the 1980s has any one distinctive housing type it might well be that of the live-in, warehouse-style docklands' architecture. At the same time that is precisely the type of property that springs to mind when discussing the high-priced and unsold developments most affected by the housing market slide.

In reality, that design-conscious but unsold image rests heavily on the state of the over-supplied London Docklands' markets. Buying demand collapsed there just as a generation of development schemes, planned and started before the 1987 equity market crash, were reaching completion.

Even in London Docklands, it is the riverside and dockside apartments — rather than the far greater number of inland homes — that have been attracting the few buyers that have braved a trip east of Tower Bridge, and it is the river and dock view apartments that have been the least trouble to rent.

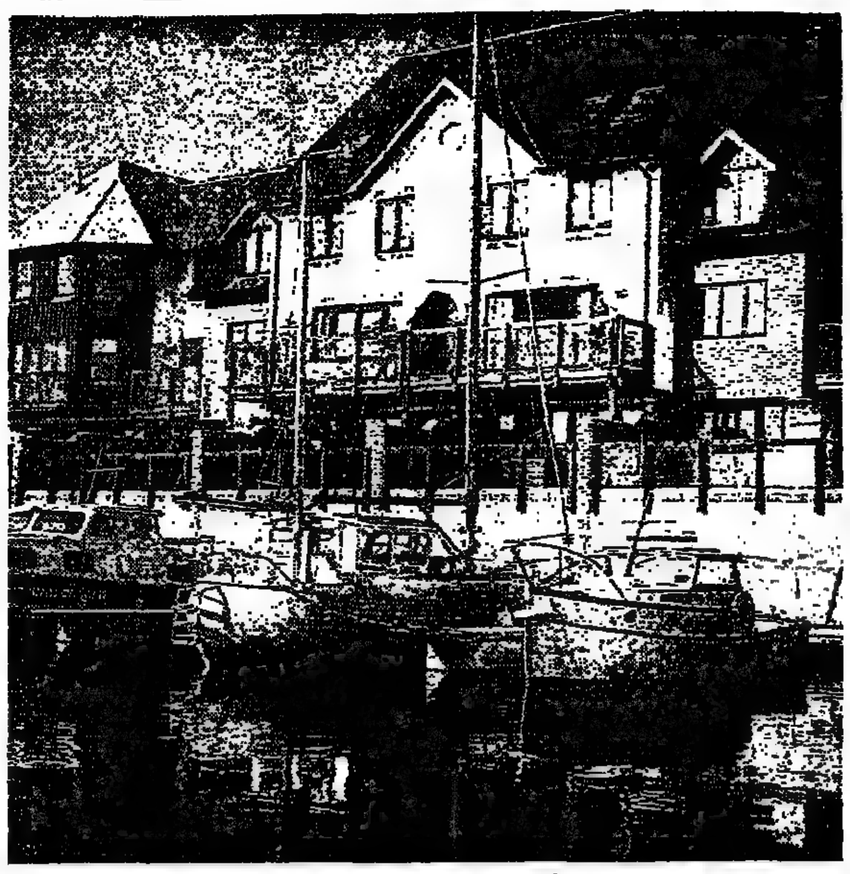
Elsewhere, in housing schemes from Liverpool docks to Southampton and in a steady supply of new houses with sites that incorporate waterscapes, homes with a water frontage have had a sales edge even in quiet sale periods.

Philip Mason, and Marina developments' marketing director Peter Thompson, think that one reason for the appeal of a home next to water is that you can be pretty sure that no-one is going to build over your view. Short of learning that the neighbours plan to berth a rusty container ship outside your front window, a waterfront home is the solution for development-averse owners.

That NIMBY (Not-In-My-Backyard) factor helps explain some of the premium. Not having to mow the view or weed its borders may add a percentage point or two to the value for some people. However, it is when you add on a yacht berth that the real added value starts to apply.

The reason for that lies in the gap between the number of boat owners and the number of civilised berths.

There are precious few reliable statistics on boat owners in Britain, fewer still on those who actually use their boats. The British Ports Federation boat census suggests that there are a shade under 160,000 yachts and motor boats over 6.5 metres in length. Add in dinghies and all other smaller craft and there is a total UK leisure fleet of around 500,000. Marina Developments believes that some 125,000 of those boats are in the 8.5 metre or larger range, and therefore big enough to need to live on or near the water all year round.



Millbay Marina Village, Plymouth, where town houses are priced at more than £250,000, complete with a yacht berth

Less than a third of these larger boats can head home to a marina berth and this shortage is becoming more acute. The company calculates that the ratio of yacht sales to marina berth completions is currently running at around 20 to 1. Since boat owners do tend to trade-up in size throughout their sailing days; the pace of growth in demand for larger boats has been a relatively steady upward curve for several years.

That underpins the resale market, and has encouraged the trading-up process by keeping mid-sized and larger motor boats and yachts pretty well free of depreciation. Owners can readily justify their pleasure as an investment, so long as they can find a berth.

On those figures, the most attractive yacht-related market has to be in provision of floating parking spaces. However, once you discount the stretches of waterfront that would frighten off all but the most daredevil weekend sailors, those that are inaccessible from the land and, more seriously, those beyond sensible travelling distance for the mass of urban "yachties", you are back to a few dozen crowded waters around south east England and a sprinkling of smaller commute-to-sail centres at established ports elsewhere.

Since the demand for yacht moorings is so concentrated, the cost of tieing up has become a serious expense.

Taking Hamble River costs as a rough yardstick, a standard, ten-metre yacht in open waters would cost £300 or so a year to moor, and those mooring costs are expected to more than double this year. As for a berth in a properly serviced marina, the same ten-metre boat would cost around £2,300 a year. Five years ago the owner would have expected to pay no more than £1,000 to £1,100 for the same berth.

In MDL's experience, the overwhelming majority of its buyers are active yacht or motor boat enthusiasts who want to use their house mooring space themselves. The group has also found that while most buyers set out in search of a second home, a substantial proportion stay by the water as often, sometimes more often, than at their main house.

As a result, the most successful of the current generation of marina homes are bigger and far more lavishly equipped than those built five or six years ago. Britain's well-healed weekend sailors do like to keep their whirlpool baths and designer kitchens within hailing distance.

## A country living

***Carrie Segrave** and two houses of peerless pedigree in Devon*

AS PHEASANTS dive for cover and farmers take stock of the harvest, the autumn crop of important country houses starts to appear on the market. This year, though, with "realism" the catchword on everybody's lips, the ones that attract the most attention may well be those which can provide a living as well as a home.

Devon currently affords two opportunities for the romantic businessman or woman to buy a house of peerless pedigree which could be used for home and/or business. One such is Canonteign, seat of the Pellew family. This graceful, four-square classic Palladian mansion was completed in 1828 — as were the villas and terraces of Nash's Regent's Park, to which it bears strong resemblance. It sits on a splendid terraced site looking out over the woods and fields of the Teign valley, some nine miles from Exeter.

This view has remained virtually unchanged since that hero of the Napoleonic wars, Vice Admiral Sir Edward Pellew (who became the first Viscount Exmouth), built the place out of the prize money he gained from "long and honourable service of his country at the expense of her enemies." This fact is recorded on a marble tablet alongside the front door, where we learn that "of him it may be truly said that its [Canonteign's] acquirement never cost the sailor a tear, nor the nation a farthing."

This, admits the current Viscount, he rather enjoyed pointing out to visiting ministers during the last Labour government. Now, however, the 10th Viscount is selling the family seat. His elder children are grown and gone; the youngest are away at school, and "the place a little large for my wife and I, who are here alone for about six months of each year."

One sees his point: a chandelier-hung salon, of a size and grace to make many a London hostess sigh, is a playroom; another is currently used for storage. It is a most usable home, but large enough to be a small hotel or health farm: for which there is outline planning consent. In layout it is simple, in construction sound and sturdy — thanks to the thickness of the main walls and the excellence of the internal rebuilding necessitated by the fire of 1910. Compared with the central galleried hall, some 45 by 30ft, the five french-windowed reception rooms which surround it seem domestic in scale: yet each is 25 or 30ft long. Above are five main bedrooms and the nursery suite with another three.

The attic floor contains what the brochure calls an extensive staff/granny flat. As well it might: this boasts a further six bedrooms. His lordship says the only trouble they ever had with the flat copper roof was at the point where the Home Guard used to jump down on it when manning their machine-gun post during the Second World War.

Below-stairs, Canonteign has a vast range of wine cellars and store-rooms, whose painted walls bear witness to its temporary use as a night-club on the occasion of a family 21st birthday party in the 1960s.

Apart from the 89 acres of parkland, woods and gardens, Canonteign brings with it considerable sporting rights, including shooting over more than 500 acres and salmon fishing on the River Teign. Humberts expect offers of over £2.25m for the estate.

Some miles off, just outside Totnes, lies Bowden House. The oldest house in the area, its pedigree stretches back to the Normans. The procession of important local families who lived here each added to, rather than obliterated, the earlier building: most periods from the 1400s onwards are represented somewhere.

The history of Bowden, as it suffered its ups and downs along with its owners, could stand as a parable of the fortunes of the English country house. It reached its low point after the Second World War, becoming a neglected wreck leased out as a school. At last even the scholars were driven out by the leaking roof, and the place was eventually only saved from demolition by Devon County Council in the 1960s.

This would have been a very great shame, since Bowden is — quite apart from its historical associations — a most entertaining place. It is a glorious mish-mash of periods: the front and side presented to view as you approach are distinguished Queen Anne stonework; but the early 18th-century apartments are grafted rather haphazardly on to the remains of a Tudor manor once three times the size.

The house rambles on in labyrinthine manner via seven bedrooms, the vaulted cellars, the Tudor bakehouse, the inner and outer courtyards, the medieval jail and a "secret" room.

Its present entertaining, unstuffy atmosphere owes much to the Petersen family, who bought the place in the 1970s. They continued its restoration and threw themselves with gusto into showing people round (which they do personally, in 1740s costume), giving them cream teas and providing them with holiday cottages (carefully converted from the outbuildings).

It's all a far-cry from the historical correctness of the National Trust: the place is plainly lived-in (see the 1960s armchair in the Haunted Bedroom), loved, and reflects the family's interests. This means that it is also home to the British Photographic Museum, one of the largest private collections in the country, amassed by Petersen junior. This will depart with its owner, but the 18,000 sq ft stone-built building erected to house it, the café and the cinema will, as the agents put it, give a lot of scope to the new owners.

Bowden could remain, as it has been for the Petersens, a family home and a family business, or it could become something rather more formal in the hotel or leisure line. Humberts expect around £1.5m for this 12-acre estate.



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## LONDON PROPERTY













## INTERNATIONAL PROPERTY



## COUNTRY PROPERTY

## LONDON PROPERTY

















## LONDON RENTALS



## LONDON RENTALS



## INTERNATIONAL PROPERTY

















## INTERNATIONAL PROPERTY























































## LONDON RENTALS



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GARDENING

# Mad year ends with a flourish

***Robin Lane Fox** is charmed by two trees in autumn glory*

LAST TUESDAY, the weather was calm, the sky blue, and I found myself standing with an audience of 40 mature and sceptical gardeners, mostly female, beside one of the best sights this autumn.

The brief had been straightforward: talk as much as possible between coffee, lunch and tea, taking an audience upwards or downwards through ideas through the various layers of a garden; illustrate the talk by what ever is looking best in the great Gloucestershire garden of Kiftsgate Court. I chose to go downwards not upwards: by teatime, we were still rushing round the last but one layer, the small hardy plants which others misname alpines, until we stuck at the spelling of Aethionema Schistosum and called it a very tiring day. Never mind, we had done the upper layer justice: we had seen a contented Sorbus Hupehensis, set with pink berries on the upper walk at Kiftsgate before the birds did their worst in November and stripped the lot.

This mad gardening year is ending with an unexpected flourish: it has been almost impossible to dig a dormant daffodil into the ground but anyone, even a non-gardener, must have noticed the amazing early show of fruits and berries. Some of the hollies are covered in them, weeks before the normal season; crab apples, thorns and cotoneasters as good as the late summer flowers which never pulled through the drought; a hot, dry summer and spartan living has promoted fruit, not growth, and brought it on early, when the birds still have much else to eat. Later in the year and the best of the crop is lost to a few finches in less than an hour.

Sorbus Hupehensis is one of many beneficiaries. I have had such a postbag about the quick-growing alders of a few weeks ago that one straightforward way to cope with it is to emphasise the Sorbus as a more specimen tree instead. Some of you seem to want the impossible, a thick, non-coniferous screen which is evergreen, secure against cats and as big as an alder in only three years; others like the sound of alders, but report that they are widespread as shelter-belts in fruit-growing areas; many more want suggestions for something less vigorous, a single tree for the front garden which is not a laburnum, a golden acacia or anything half-hardy but which will look smart in several months without casting shade.

It is here that the Sorbus from Hupeh in China comes into its own. It is related to Rowans or mountain ashes, but its finely-cut leaves are a charming shade of grey-green throughout the season. It flowers in an inconspicuous sort of midsummer way which is not unduly offensive; the grey leaves look particularly stylish against a darker hedge. It is not an overpowering tree, but it will reach about 15 feet after 10 years and never cast too much of a shade. It prefers not to be impossibly dry which may turn out to be a drawback in the '90s. Otherwise, it is totally hardy, rather upright and not prone to epidemics.

Seven years ago, I planted two trees of this variety in the corners of a long wall of modern dusky red brick. The idea, even then, was to match them with th purple-grey leaves of Rose Rubrifolia (which has since changed its botanical name), the felted silver-grey leaves of low-growing willows, a purple-grey leafed weigela and masses of the pink musk rose Felicia, the climbing pink New Dawn and blue Campanula persicifolia from seed. Hardy plumbagoes brighten up the weeks from mid-September, showing flowers of a brilliant blue as the Sorbus comes into its berries. For once, an idea worked exactly as hoped, although the willows are liable to be chewed by caterpillars. The two Sorbuses have enjoyed the combination of life in a mixed border and look imposing against the modern brick, although they are not yet so fine as the specimen before us on a Kiftsgate Tuesday.

If you want a tree with more of a sweep and less of a moderate and upright ascent, at this time of year it has to be a Crataegus. I continue to be amazed at keen gardeners' disdain of this varied family. Perhaps they neglect it because some of its members are described as hawthorns: American readers of my book, *Better Gardening*, have written quite often to express surprise that the Crataegus have any space because they think of them as junk trees. So much the better for junk, at least among thorns: they probably do not know the charms of Crataegus Lavallei; they may be deterred from crus-galli by catalogues which refer to it as a cockspur; I doubt if they had considered my favourite, the glossy leaves of the prunifolia.

Berry good year: Crataegus Prunifolia, sometimes dismissed as 'junk' trees

These forms of Crataegus are absolutely at their best during this week. They turn up sometimes on enlightened stretches of suburban dual carriageway where somebody must have spotted them in Hilliers Manual for awkward and grimy places. They are smothered just now with red berries, often like small pellets, but their leaves are starting to turn and are a mixture of shiny green and incipient yellow. Prunifolia will hang on to its glistening leaves throughout November, sweeping its branches into a rounded, slightly drooping head at a height of about 15 ft. The leaves are a little longer and finer than those of other family members: it is worth tracking down in this form.

Like the Sorbus, it makes an excellent single tree for the corner of a front garden. Crataeguses will also make a smart little walk of trees if you trim them lightly (crus-galli is good for the purpose). They are thorny, of course, but well-judged trimming in gloves can do wonders for this tree's appearance.

Lastly, a reply to a lady reader in Lancashire who wonders whether she should be using mothballs: have I not remarked somewhere that mothballs will deter birds from berrying trees during autumn? Mothballs on a white berried sorbus would be a harmonious sight, but there is a muddle here, I think. Expert growers of flowering cherries have recommended mothballs on the branches as a protection for the blossom during spring: they believe that they divert finches (I have no finches). In autumn mothballs look much too like the berries which interest these birds and although I too, tried them on a white berrying Sorbus from Kashmir, they made not the slightest difference and the birds stripped the berries and left the deterrents hanging miserably on the branches.

# Chickens help turn the garden green

*Arthur Hellyer identifies trends at the International Garden Exhibition*

THE INTERNATIONAL Garden and Leisure Exhibition, held every autumn in the National Exhibition Centre, Birmingham, is intended for trade buyers, yet it contains much that would be of interest to home gardeners and gives a clear indication of the directions in which horticulture in Britain is moving.

For example, this year it was highly significant that Fisons, for a long time pioneers in the chemical side of horticulture, won the award for the best British product in the show for a display of a new range of organic fertilisers, to be known collectively by the brand name, Origens.

There are four of them to date, a lawn food, a flower and shrub food, a tomato food and a vegetable food, and all are based on poultry-litter fortified with bone-meal, dried blood and potash to create the differing proportions of nitrogen, phosphorous and potash required for these very different purposes.

The finished products look like chopped-up matchsticks (they are called pellets but to me that conveys something much rounder) which are very easy to scatter evenly and have a sufficiently-strong smell to convince one that they really are organically-based. In fact, Fisons have gone all out to meet the international guidelines for organic fertilisers.

I have had no chance to test them yet but I see no reason why they should not prove entirely satisfactory. Certainly, they should have the advantage of releasing the plant foods they contain more slowly over a longer period than comparable fertilisers made with wholly inorganic materials and not coated in any way to reduce their solubility.

This, plus the more controversial benefits claimed for organic feeds that they improve flavour of crops and reduce health hazards, must be set against the penalty of a considerably higher cost per square metre treated.

I was assured that the raw materials, all of which, except potash, are subject to variation, are carefully monitored so that the advertised analysis is maintained.

I was also told that poultry-litter is only obtained from farms known to be ethically managed – no chicken battery factories admitted. So sensitive has the green market become and it is now sufficiently large to attract the attention of the largest producers.

Another change that impressed me at this year's GLEE was the great increase in the number of plant exhibitors and, most of all, nurseries from Tuscany. This is the heart of commercial Italian

tree and shrub production and the Tuscan nurseries now seem to dominate much of Europe in the expensive and highly-prestigious market for beautiful and often rare species grown to exceptional size or clipped and trained in decorative ways.

From a company such as Vannucci Piante, of Pistoia, a leader in this field, it would be possible to obtain towering, perfectly-shaped specimens of the best pyramidal form of Italian cypress ready to make an instant impact in the landscape, as well as many other fine specimens of similar character, such as magnolias, tulip trees, maidenhair trees, cedars and sweet gums. It was from an Italian nursery that the impressive lime avenue in the Gateshead National Garden Festival was planted and, though the root balls were immense, the trees were delivered without difficulty.

I am told that some of these nurseries have developed a method of balling roots that enables big specimens to be kept for instant despatch over quite a long period.

Balling itself is a very old technique which, to be fully successful, requires young trees to be transplanted annually to keep their root systems compact. When the time comes for despatch, each plant is dug up with all its roots which are then wrapped in hessian (or nowadays more likely in polythene film) to prevent soil falling off in transit.

Apparently, some Italians are using a refinement of this which allows the trees to be lifted at the ideal season and then have their roots shrink-wrapped in polythene when, with the aid of trickle-irrigation enables them to be kept out of the soil for a considerable time without injury.

I doubt that it is possible for private garden owners in Britain to deal directly with these big Italian nurseries. Certainly, all those I spoke to at GLEE were looking for more contacts with British nurseries and garden centres.

However, the trade already established with these is sufficiently large for the Italian growers to have produced a special supplement to their high-quality periodical, *Linea Verde*, for the British market and to have made them invite a delegation from the Horticultural Trade Association to meet them earlier this month in Pistoia for a whole week of talks and nursery visits.

It is because both soil and climate in this part of Tuscany are so favourable for the growth of a great many trees and shrubs that so many nurserymen have been attracted there. There used to be a belief that it was better to purchase plants from an area which was colder and had a less-favourable climate than that in which they would eventually grow but this seems to have been completely discarded.

Plants that have got stuck because of unfavourable conditions have a tendency to remain stuck and the requirement today is for vigorous plants that can be kept growing fast by good management.

HOW TO SPEND IT

# Finer points of a country seat

***Lucia van der Post** welcomes David Davies' new designs for craftsman-made wrought-iron sofas*

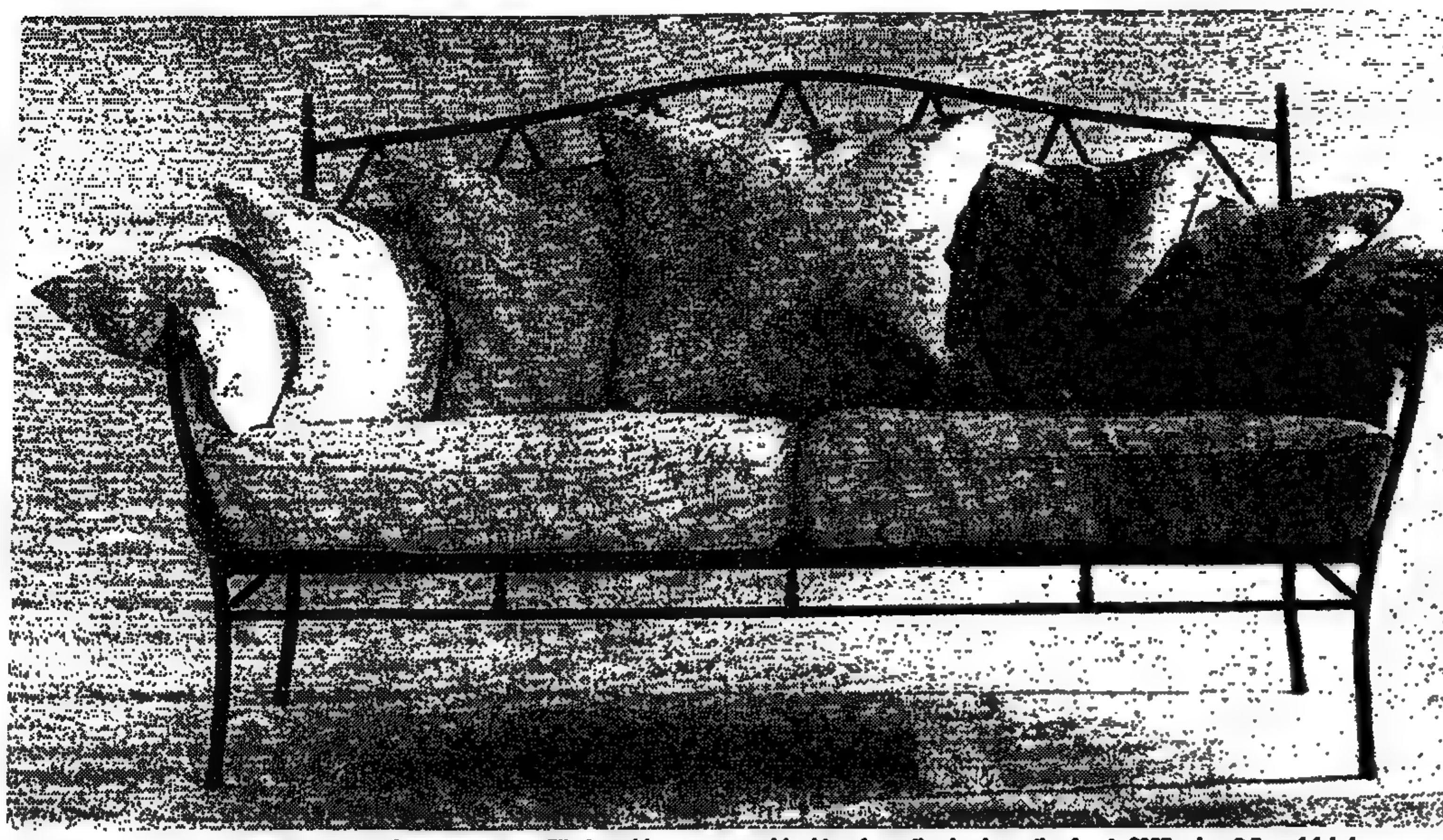
JUST OVER two years ago now I gave a rapturous welcome to the arrival of a collection of furniture by David Davies, founder and chairman of his own design company, David Davies Associates.

He, like so many of the best, most instinctive retailers, had decided to produce the kind of things that he wanted for his own home but could never find. The furniture he did find was either too sharp and chic or too machine-made and high-tech. His solution was a rebellion against what he called at the time "matt-black chic", an "anti-design look, a search for a look that was not overly decorated nor overly pretty but which had real comfort to it. There will be nothing with a hint of Corbusier or Breuer about it."

To do this he drew above all, on the skills of a marvellous craftsman he had found working in Northumberland in wrought-iron. He wanted to capture all the decorative qualities of the material and yet to make the pieces comfortable, which much of the most decorative wrought-iron emphatically is not.

In my view he succeeded – triumphantly. He presented a consistent, coherent collection of furniture and accessories which managed to look gently and calmly English. So far there is still just the one shop – at 10 Great Newport Street, London WC2 – rather than the chain I thought he had in mind, but there are now many new pieces and he is consistently developing and exploring his designs.

This autumn he has brought out a new range of sofas, further variations on a wrought-iron theme. As you can see from the photographs here, all are exceedingly attractive visually and he has gone to immense trouble to make them highly comfortable as well, all using the skills of the same master craftsman in Northumberland.

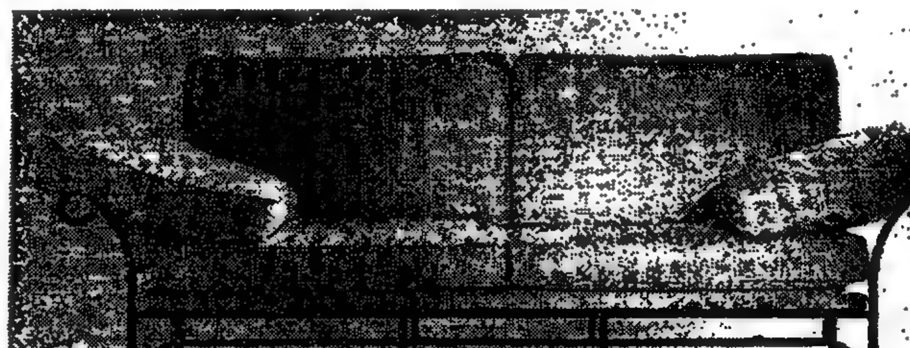


Rievaulx, in hand-forged iron with lots of plump feather-filled cushions, as good-looking from the back as the front. £995, plus 8.5m of fabric

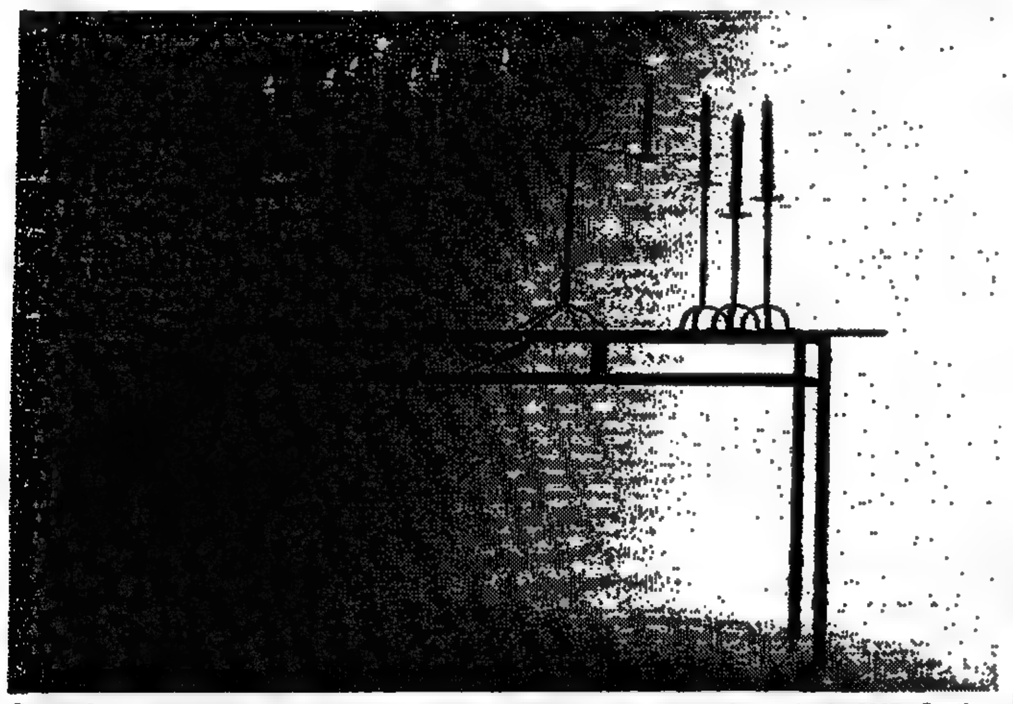
All the cushions are generously feather-filled and can be covered in a wide range of fabrics. Given that the sofas all have a distinct and unmistakable decorative quality, and that a great deal of craftwork goes into making them, prices seem to me very reasonable indeed. They range from £895 for the Pavilion sofa to £1,295 for the Laurel Leaf model.

The shop, called simply Davies, is also a source of excellent and decorative small artefacts and accessories for the home – things like candles (a marvellous collection of church candles in almost every size), sconces, chandeliers, fine vases and bowls, baskets and boxes.

Though the *furniture* is what I tend to think is most special about the shop I daresay that the majority of its customers are men who go for the clothes. All the front of the shop is taken up with Davies' own collection of classic men's clothing. The shirts in particular, though not cheap at £47, come in a fine cotton, in subtle and unusual colours as well as plain, pure white, and are roomy and classically simple.



The Laurel Leaf sofa: once again made from hand-forged iron but it also has a hardwood seat base frame, traditionally upholstered. Rectangular or circular, £1,295, plus 9.5m of fabric



Ropetwist console table from hand-forged iron, 1500 mm long by 720 mm high, £295. On the table is a collection of just some of the candlesticks the Davies sells.

# A Shaker baker

IT SEEMS ironic – or perhaps inevitable is more the word – that just as the traditional, religious-based Shaker community of New England is on the verge of extinction, the intrinsic beauty and simplicity of the designs the community fostered is becoming more widely recognised, almost (heaven forbid) fashionable.

All over New England there are now workshops and factories charged with producing authentic Shaker designs. Thanks to the spirited devotion of Tim Lamb and Liz Shirley, who sell the best of the output in The Shaker Shop, at 27 Harcourt Street, London W1H 1DT, those of us who live in the UK can buy many pieces imbued with the authentic Shaker style and spirit.

Apart, though, from carefully-made reproductions, Shaker-style has begun to influence much wider groups of designers and manufacturers who make no pretence of producing precise copies but simply create pieces inspired by the same spirit.

The latest company to be inspired by the aesthetics of the Shaker movement is Crabtree Kitchens. The company makes no great claims to precise authenticity of line but describes its range as a "contemporary interpretation of the original Shaker style."

To my (perhaps partial) eye, though it is handsome and sturdy enough it lacks the real simplicity and refinement of the Shaker originals. The furniture is made from pale maple with hand-turned maple knobs and finished with lacquer and wax. The wooden pieces can also be ordered in hand-painted finishes (the Shakers themselves used paints and were particularly fond of dark blue, dark green and dark red). Peg-rails were a classic Shaker accessory and here Crabtree has used them in traditional fashion, for hanging and storing kitchen implements. Various working surfaces are available but for the units in the photograph granite has been used.

To give some idea of prices the furniture above would cost about £1,750, while the granite worktops and hood would be £878. Shaker, as the range is not surprisingly called, is on sale at Crabtree Kitchens, Twickenham Centre, Norcutt Road, Twickenham TW2 6SR. Tel. 081-755-1121.

***L.v.d.P***

Bibliophilia

# Chapter and verse of Eton

TWO EXHIBITIONS which have recently opened in New York illustrate the wonderfully varied fascination of books. The first, at the Pierpont Morgan Library is entitled "Treasures of Eton College Library, 550 years of Collecting". The other, "In Praise of Collectors", a few blocks away at the New York Public Library, consists of gifts that have helped to make it, as it claims without any immodesty, one of the five greatest libraries in the world.

Eton College was founded on October 10 1440, primarily for the saying of prayers. The original charter, however, also provided for a school to teach Latin to 70 poor and indigent scholars, and that part of its activities has flourished ever since.

Two hundred objects from the library, including some marvellous watercolours and a monstrous silver gilt model of the chapel, are on show. An illustrated catalogue prepared by the librarian specially for the exhibition is available, together with a *history of the library* first published in 1970.

The emphasis is on early printing and fine bindings. Many of the books were from the beginning more value as objects of beauty than for the reading matter which they contained. One of the bindings commissioned by Jean Grolier, the 16th century French scholar, is to be seen, with the pleasing Latin declaration on the front that the book belongs to Jean Grolier "and his friends."

His English follower, Thomas Wotton, father of a provost of Eton, continued the tradition in his own library. You can see so-called Fanfare bindings with their elaborate gilding and multicoloured extravagances from Flanders. Alongside are examples of the books actually used by the boys, unloved classical texts and grammars coarsely bound in rough sheep to resist wear and tear.

Although primarily an exhibition for connoisseurs, there are literary rarities as well. An excellent selection of English plays includes the strange quarto of Shakespeare's *Pericles*. You can also admire the neat manuscript of one of the most loved of all English poems, "Elegy in a Country Churchyard" by Thomas Gray.

*"But Knowledge to their Eyes her ample Page,*
*Rich with the Spoils of Time did ne'er unroll.*
*Chill Penury repressed their noble Rage,*
*And froze the genial current of the Soul."*

These have not recently been problems at Eton...

Very different is the display in the Gottesman exhibition hall of the New York Public Library. This library only dates from 1895 when a few collectors pooled their resources for the benefit of the city – and of the world. John Jacob Astor, whose fortune came from furs and real estate, gave 260,000 volumes. Lenox (sic), a Scottish immigrant who also did well in business, gave 4,000 bibles including a Gutenberg. Tilden, a governor of New York – he missed becoming president in 1896 by one electoral vote – supplied a gentleman's library and $2.5m.

Since then a succession of collectors have followed their example, donating or bequeathing the books which had brought them pleasure. Many were highly particular in their interests. The two brothers Berg, both doctors of medicine, loved English literary books and manuscripts. George Arents collected any book he could find on the history of tobacco – a 1620 manuscript of John Donne's poetry got in because it mentions a man smoking. "Maybe you smell him not, truly I do."

I was glad to see fragments of Chinese printing of the 10th century, executed half a millenium before the technique was discovered in the West. For modernists there is the typescript of "The Waste Land" as annotated by Ezra Pound. I cannot recall whether the manuscript of Oscar Wilde's "Importance of Being Earnest" came as part of the tobacco collection – did not Lady Bracknell tell Ernest that she was glad he smoked, for every man should have a hobby?

■ The J Pierpont Morgan, at Madison Avenue and 36th, is open from Tuesday to Saturday 10.30 to 5.00 and Sundays 1-5pm. The exhibition continues until November 25. A gift of $3 is expected at the door, $1 for senior citizens and students.

■ The New York Public Library, 5th Avenue and 42nd, is open from 10-6, Monday to Saturday. The exhibition continues until November 3. Entrance $3.

Trevor Humphries

Sophie Mirman, ex-head of Sock Shop, in her new venture, the childrens' clothes emporium, Trotters

# Trotters takes off

MOTHERS take note: a children's shop of quite a different sort has just opened in London's King's Road. It is called Trotters, and it is the new venture of Sophie Mirman and her husband Richard Ross, the former bosses of Sock Shop. Why Trotters? I hear you ask – "because the socks that always sold the best were the ones with the little pigs on them," says Sophie.

It opened last week at 34 King's Road, London SW3, and was being besieged by eager customers even before the door was unlocked. It looks set to offer the small set more than just some new clothes – more a total shopping experience. Trotters is a shop where parents, grandparents, godparents, au pairs and nannies can bring their tired, harassed beings and know that the children will have fun while they go through the business of buying them the things they need – as well some things they never knew they needed till they got there.

It includes a video train where children sit while their shoes are fitted, a juice bar, cartoon videos and also a miniature hair salon in the style of a model ship.

Besides all the really tough, useful clothing that I used to traverse London to find (Osh Kosh dungarees, Kickers and the like) there will also be masses of "fun" clothes which make splendid presents. Look out for Alice bands and knapsacks, for marvellous books and toys, for scrumptious sweaters and the latest fad in braces. It all looks and sounds like fun and Sophie Mirman and Richard Ross – for whom the last days of Sock Shop were not exactly a laugh a minute – are determined to keep it that way.

***L.v.d.P***

HOW TO SPEND IT

# Set your sights on superior simplicity

***Lucia van der Post** learns — eventually — to appreciate the understated but oh-so-persuasive merits of Smedley knitwear*

AT FIRST sight Smedley knitwear is deceptively simple — probably at second sight, too. Like many of life's good things, it is easy to miss its virtues. It doesn't clamour for attention. It is quiet, refined, retiring even, but once discovered, never unappreciated again.

I once, to my shame, left a dung-coloured polo-necked sweater the company sent me to look at sitting neglected on a shelf for weeks. Then one day, I put it on. The wool felt like silk. It was warm, it was soft. The unpromising colour lent a dash to many of the things I already owned and turned out to be both chic and flattering. The shape was roomy and up to the minute. Like many others before me, I was hooked.

Many of our most distinguished designers, such as Paul Smith, Nicole Farhi, and Vivienne Westwood, this year's *Fashion Designer of the Year*, have long incorporated classic pieces by John Smedley into their collections while international labels like Ralph Lauren, Hermés and Comme des Garcons seek out the skills of the factories in the Peak District, Derbyshire. And sassy dressers like Jonathan Ross, Jeremy Irons, Michael Caine, Paul Newman and Sean Connery are alleged to be devotees.

So what does John Smedley have that other knitwear companies do not? It seems the company has a knack of producing knitwear that looks right and feels good because it uses only the finest gauges the knitwear industry has yet devised. This means the garments are fine enough to sit easily under jackets and soft enough to look good.

John Smedley has also found a way — nothing like as easy as it sounds — of updating classic shapes (polonecks, turtlenecks, cardigans) and then colouring them in subtle, up-to-the-minute shades. Above all, as is so often the way, Smedley sweaters *really* show their class not when they are folded up on a shelf, but when they are *worn*.

Although Smedley knitwear has enjoyed a quiet cult following for several years a new following is now developing around the underwear and the simple Sea Island Cotton sweaters. Many of the young wear the short and long-sleeved vests much as they might a T-shirt — the long, stapled fine cotton woven on the finest gauges gives the cotton a soft texture that makes them feel almost like silk.

The Conran Shop, which as aficionados will know doesn't normally sell clothes, has, under the influence of Sir Terence Conran, just started to sell the Smedley Sea Island Cotton range. "I came upon it quite a time ago and was bowled over by its quality. For me it represented everything I have ever believed in," he tells me. "It is absolutely simple, classic, beautifully made and of beautiful quality — what more could anybody want?" *What indeed!*

"I'm one of those people who always does my Christmas shopping on Christmas Eve and I have all these children who are so discriminating, so difficult to please and who tend to think that my taste is very suspect — I couldn't think what on earth to give them. In desperation I gave every single one of them some Smedley Sea Island cotton pieces. They were all bowled over, quite amazed I had found such beautiful things to give them."

So now, lurking among the rattan furniture, nestling beside the glass and steel, the rugs and linen, the pesto sauce and the sun-dried tomatoes is a range of clothing — just simple basic shapes, in black, white and ecru. Prices range from £19 to £39. I'd be surprised if you came away empty handed.

■ The Conran Shop, Michelin Building, Fulham Road, London SW3. The other ranges of John Smedley knitwear can be found at S. Fisher, Burlington Arcade, London W1, Harrods of Knightsbridge and many good knitwear shops and stores.

See Island Cotton singlet, £19.50, The Conran Shop; underpants £18.99 from S. Fisher

Absolutely simple classic Sea Island Cotton rollneck sweater, Conran Shop again. £35

Layers of painted and dyed anodised aluminium brooches by Jane Adam, about £150 from the Dazzle exhibition. Similar work available from the Lesley Craze Gallery, Clerkenwell Green, London EC1; The Crafts Council Shop, Victoria & Albert Museum, London; and Facets, 14 Broadstone, Dartmouth, Devon

# More razzle from Dazzle

THOSE living in the Manchester area or able to make the journey might like to note that Dazzle, the exhibition that brings the work of a large number of jewellery and silver craftsmen together, will be on at the Royal Exchange Theatre Company from Friday November 2 to Saturday December 29.

It's a marvellous chance to see a whole range of modern work and to stock up on a few precious pieces for yourself and for Christmas presents. While some of the work uses the most precious of materials — everything from gold and silver to precious stones — there are always some innovative pieces in metals like aluminium, copper, brass and tin as well as more innovative, space-age materials like niobium and tantalum, not to mention those old favourites, wood, paper and acrylic.

All this means that it is possible to find a brooch, some ear-rings or a pair of cuff-links at prices that range from about £15 to the thousands. Much of the work is highly innovative and those who have bought in the past have often paid prices that have made their pieces great bargains. Many a top fashion designer, pop-star or discerning buyer has discovered that Dazzle is where some of the best talents first emerge — have a look and who knows what you may not find!

THE Contemporary Art Society Market is about to be with us again, so all those who rely on this annual opportunity to go talent-spotting with their cheque books at the ready should make a note of the dates. From Tuesday October 30 to Saturday November 3 more than a thousand paintings and sculptures will be on sale at Smith's Galleries, 25 Neal Street, Covent Garden, London WC1.

As always the aim is to bring into the art-buying market those who find the traditional gallery a little too hush and reverend a place for newcomers. It also shows those without six-figure sums to dispense that there is a lot of worthwhile, attractive and even exciting art that needn't break the bank.

Prices will range from £100 and go up to £1,500. On show will be works by names that even the least informed will have heard of — like Elisabeth Frink, Eduardo Paolozzi, Peter Blake and Bridget Riley — but there will also be others that few will have come across (but perhaps lots more will later) like Julie C. Major, Mai Thomas and Cecelia Vargas.

Entrance is free, and the atmosphere will be fun, informal and buzzing like a Tuscan market-place. The galleries are open from 11 am to 7 pm and on Saturday November 3 from 11 am to 4 pm.

Fans of all things Welsh might like to know that there is a new Welsh mineral water on the UK market. Discovered at the bottom of the garden of his Welsh holiday cottage by Edward Cousins, a London barrister, it is now bottled and on sale to one and all.

The company is called The Montgomery Natural Spring Water Company and the water itself has been dubbed Pentre Nant.

There are still or sparkling versions and it is sold in two litre recyclable bottles with dual-language labelling (English and Welsh, bien sur) on the back. Said to have a high alkaline PH value, it has a much softer taste than most other waters.

It is widely on sale in regional grocers in Wales, the Midlands and the north of England (like Booths of Preston and Parfetts of Manchester) but it is only just arriving in London — at Linley's of London, 10 Huguenot Place, London SW18 2EN. Tel. 081-870-9498.

The water sells at 55p for two litres of still; 59p for sparkling.

**L.v.d.P**

# History by the handful

***Gerald Cadogan** on how to start a coin collection*

PICK UP a coin and you are holding history in your hand, says Brian Reeds, British coins expert at Seaby, which is one of London's two leading coin dealers. (Spink is the other.)

It is easy to see why coins become a collector's compulsion. They are small works of art of impressive craftsmanship and loaded with history. Today old coins are superb value. For the price of a minor picture you can buy a score of Victorian sovereigns of different years, types and mints (London, Melbourne and Sydney, and Perth in 1899). Or you might prefer half a dozen of Charles I's shillings and half-crowns. To pay for the Civil War he minted like mad in the towns he used as headquarters.

His coins from Carlisle, Newark, Pontefract and Scarborough are "siege issues", struck when the Cromwellians were beleaguering the towns. They are mostly diamond shaped or square as the coiners could not manage — or the king could not afford — round dies.

To cheer up the citizenry Pontefract and Scarborough had encouraging pictures of their towns' castles. Once Oliver Cromwell had won he issued coins that depict him wearing a laurel wreath like a Roman emperor, to advertise that he was not Charles I and did not wear a crown. A gold fifty shillings of Cromwell sold at auction for £15,250 last year.

Coins divide into two main groups, hammered and milled. Hammered coins began in Britain soon after 100 BC. These first issues are gold and have a deformed chariot design deriving from the gold coins of Philip of Macedon of 250 years earlier. Hammered coins continued till Charles I.

To make them, place the coin blank on a die and place another die on top. Then strike with the hammer, and you have the coin both obverse ("heads") and reverse ("tails").

Since they are shaped by striking, hammered coins are hardly ever true circles. It was easy to clip them of their silver and gold — a serious offence which in the time of Edward I was alleged to be the fault of the Jews, leading to their persecution and expulsion in 1290.

Milled coins, meaning any made by machine, became regular with Charles II and are still with us. The coin blanks were taken from a rod of metal which had been through a rolling mill, and their designs were impressed by a screw-press at 20 to 25 coins a minute. Milled coins were hard to clip.

To start a coin collection, look and read as widely as possible and decide what interests you. A king or a period, or one mint, or only silver pieces? An esoteric selection would be the silver pennies the Archbishops of Canterbury issued in the 8th-10th centuries, but they are expensive.

Gold sovereigns are cheaper: their price follows the gold price closely with a small premium as they are money and not bullion. Cheaper still and very satisfying are the copper halfpenny and penny tokens that were issued privately all over the country between 1648 and 1672 as a subsidiary, unofficial currency when the Commonwealth would not mint small change.

Museum visits are essential, especially to the British Museum and the Ashmolean Museum in Oxford. And devour two excellent handbooks Seaby publishes, *The Story of British Coinage* by Peter Seaby (£25) and, for Greece, *Ancient Greek Coins* by G.K. Jenkins (£35 in a 1990 revised edition). The final essential is their *Standard Catalogue of British Coins* (26th edition, 1991, £10.95), which does for coins what Stanley Gibbons's catalogues do for stamps.

By now it is time to buy. Do not worry about beginner's mistakes. But do start soon getting to know a specialist dealer who can be a real long term help. And like a schoolboy starting a coin collection, keep your eyes open in junk shops.

Dealers get stock mostly by trading with other dealers, but there are always surprises from the public. Executors come on a collection nobody knew the deceased had. The coins under the floorboards in old houses may be Victorian pennies. They start at £15 EF ("extremely fine" condition) and go up to £150 EF (for 1864 and 1871) and £300 (1869). A few years ago builders found a cloth bag in the rafters of a cottage in East Anglia. It held about 200 William III half-crowns and shillings, some from the Norwich mint (half-crowns £225 to £500 EF and shillings £150 EF).

The choice is enormous. A coin is an ideal Christmas present for godchildren, or take them today to the young collectors' stand at Coinex at the London Marriott Hotel.

Saleroom

# Paris fair sets acid test

THE ANNUAL contemporary art fair, FIAC, which opened in Paris's Grand Palais last week and runs until November 1 is set to be the most crucial in the show's seventeen-year history. It will provide an early acid test, dealers say, to see whether speculative buyers are still around after the slump in modern art prices of last May and June and now that the Gulf crisis is creating financial uncertainty. Few think they are, and many, like John Gibson of New York, are confident the result will be higher quality and more realistic prices.

"Speculation in our field is finished and quality will prevail. Fortunately, I sell advanced fine art to specialised collectors who are not going to stop just because the market has softened," he said.

One hundred and fifty-seven galleries, 85 of them from outside France, are taking part in the FIAC, which is expected to attract around 150,000 visitors. Few US galleries, confident their clientele and artists alike would always go to them, have ever bothered with the show before. This year, however, 24 leading American dealers suffering from economic morosity at home and eager to prospect an ever-more-prosperous Parisian market, have stands. Many more had requests turned down because of lack of space. Some US galleries are even rumoured to be setting up shop here with a view to the open European market of 1993, *although those at the FIAC* said they were happy to continue working through Paris dealers.

This year, even the elder statesman of contemporary art, Leo Castelli, aged 83, made his first-ever trip to the FIAC with a selection of what he described as "old stand-bys." They include a 1990 Jasper Johns *painting*, a *Frank Stella* piece at $420,000 and a Roy Lichtenstein in his customary comic strip mode, the paint barely dry, for $750,000.

"I believe Paris will be Europe's most important centre for contemporary art – Berlin can't take over. And this is an inordinately beautiful city. FIAC is a quite wonderful fair, with very good material. It was a bit of a cultural mission for me to come here and show the best New York artists there are," he said.

Last year's FIAC netted a declared income of Frs400m. This year's show is less of a merchandising event, with far fewer stands selling predictable stocks of high-priced classics, like Basquiat, Warhol or French graffiti artists to lure investors. More galleries are staging one-man shows, showing work by their own stable of artists for hanging a mixture of older and new works. Annely Juda Fine Art from London, for example, is showing burnt wood pieces by British sculptor Roger Ackling, a bronze by Anthony Caro, and paintings and sculptures by Catherine Lee and Alan Green, near to ink drawings by Russian constructivists Lazar el Lissitzky and Rodchenko. Jan Krugier adopted a similar formula with a mix of recent works by Zao Wou-Ki, Haas and Kuper, alongside works by Lam, Stael and Picasso.

Galerie Marwan Hoss of Paris is showing the 14 works painted during the last three months of his life by Hans Hartung, who died in Antibes in December last year, aged 85. Haas sold eight of the dramatic and disturbing canvases priced at between Frs275,000 to Frs1m on the first day of the FIAC.

Among other leading Paris galleries, Louis Carré is showing brightly coloured wood sculptures and drawings by *Gaston Chaissac. Galerie* Maeght and Galerie Durand-Dessert are showing works by various of their leading artists, while Galerie Montenay is confirming the increasingly high status of 49-year-old French artist Jean-Pierre Pincemin with a one-man show, including 1990 wooden sculptures and recent large-format abstract paintings priced modestly *at between Frs200,000* to Frs250,000. Paris's Galerie de France, meanwhile, is hoping a museum (museums account for 70 per cent of contemporary art purchases in France) might be tempted by 41 red and yellow panels by Jean-Pierre Bertrand painted in lemon and salt, honey and acrylic paint on paper for Frs1.75m.

The New York branch of Malborough Gallery is attracting a lot of attention with 11 pieces by former installation artist, 52-year-old Red Grooms. Full of tongue-in-cheek references to French art and artists, this series of brightly coloured oil-painted low-relief sculptures was made especially for the FIAC and the market in France where Grooms has never shown before.

Peter Goulds, the British manager of L.A. Louver from Santa Monica, California, is presenting 38-year-old British painter Tony Bevan and US sculptors Edward and Nancy Kienholz, who are also little-known in France. Neither Bevan's violent canvases, nor the Kienholz pieces with their disquieting mixtures of objects such as skulls and plastic arms, are exactly easy viewing, but Goulds reported sales on the first day.

Holly Solomon from New York, has been visiting the FIAC since it started, showing paintings and drawings by William Wegman and Nicholas Africano sculptures in an otherwise totally bare and undecorated stand. "There's a lot going on in France because of government support. There are great shows, there's great interest, so the whole thing is happening here, and it's time to work together," she said.

***Nicholas Powell***

John Robert Cozens' "Coast Scene between Vietri and Salerno: Storm effect" is part of the exhibition *In the Shadow of Vesuvius: Views of Naples from the Baroque to Romanticism* which now fills the Accademia Italiana (24 Rutland gate SW7, until *November 27:* sponsored by the Regione Campania and Gruppo IRI). This is a selected but nonetheless substantial version of the great exhibition shown at the Castel Sant' Elmo in Naples during the summer, and reviewed on this page by my colleague William Weaver at the time. Excepting a clutch of small Turners, the paintings shown are not works of the greater masters, but of lesser, local genre and topographical artists such as Joli, Fabris and Lusieri; and Cozens, Thomas Jones, Ducros, Hackert, Wilson and many more, drawn *onto* the Grand Tour from all over Europe. Vesuvius lowers over Naples and its Bay: Capri lies just across the water: the fire fills the sky. We could hardly wish for more attractive and engaging an exhibition. W.P.

Irish Rock

# Not just a fashion for fiddles

"COOL CLEAR Crystal Streams" was the *South Bank Show's* celebration of Irish music screened last Sunday, a timely recovery of the programme's rock credibility after the fatuous profile of George Michael that had begun the new season. So many of the exponents of the current boom are natural TV talkers – Bono of U2 passionate and articulate, Christy Moore witty and engaging, Máire Brennan of Clannad as wispily romantic as *Sinead O'Connor is hard-edged* and pugnacious – that the director's job was straightforward: intercut the talking heads with concert footage and you have a programme.

There was more to it than that, of course, and more to the Irish revival than a sudden fashion for fiddles, tipsy dances and modal twangs. The current generation of Irish musicians is firmly grounded in a cultural tradition that sees no barriers between popular art and high art, a frame of reference in which Yeats and Joyce can sit comfortably alongside the folk tunes and the electric trappings of rock. It is a *cultural continuity has* been preserved, because rather than in spite of Ireland's history, though the SBS steered away from the political dimension as much as possible.

Across the Irish sea English popular music lost its contact with the rest of its culture a long time ago, and now constantly struggles to reinvent itself. So Irish bands seem at present the most spontaneous and inventive, because their music is part of a renewable tradition; it does not prevent them grafting elements from the wider rock-music world.

The musical highpoint of the programme was Van Morrison, transcending himself in "Rave on John Donne" (imagine, incidentally, an English writer producing a songtitle like that *without inviting hoots of* derision) and in that unprepossessing figure all the strands came together; black soul and R 'n B, Irish prolixity and a mystical sense of dedication, a belief that music can still be an incantation, still has the potency to raise itself and its listeners onto a higher plane.

*It's the familiar mixture that* explodes intermittently on Morrison's latest album *Enlightenment* (Polydor 847 100); sometimes the collection treads a narrow line between sentiment and sentimental sermonising but at its best, in songs like "Avalon of the heart" (familiar Morrison territory) and the up-tempo *"Real real gone" and "Start* all over again", the magic survives: Morrison can still bend and shape a vocal line like no one else.

It's certainly a long way from Clannad, where the Celtic roots burst through the surface and the silky voice of Máire Brennan is cocooned acoustically in guitars and harps, with only the occasional saxophone to add astringency. *Anam* (RCA PD74762) mark's Clannad's decisive rejection of earlier rock tendencies; it takes the family group firmly back into the half-lights of folk, without ever making direct references to traditional music. The result is initially soothing, ultimately a little cloying; the range seems deliberately limited and self-contained.

The Pogues' contribution to the South Bank Show was focussed on a few semi-coherent sentences from Shane MacGowan (about celebrating life and death in all their aspects), a wonderful demonstration from Christy Moore of why MacGowan's lyrics are so resonant, and a snatch of an old stage performance. *Hell's Ditch* (WEA 9031-72554-2) gives a fuller picture of the current condition of the band and of their songwriting in particular; it is wonderful return to form after its predecessor *Peace and Love*, full of the blackest images and most scabrous invective, and driven along on the tightest of Irish riffs and skirling tunes.

The Waterboys, surprisingly, did not appear in the TV *survey; maybe their Irishness* is a little too self-conscious, the mixture just too twee. Parts of *Room to Roam* (Ensign CCD 1768) suggest as much, when the sequence of ever-catchy melodies is broken by a quick dance number or an upbeat version of "The Raggle Taggle Gypsy". But they are a better band than this album or their *recent concert tour suggests*, potentially an interesting fusion of American and British influences with a real knack of creating a singable tune.

The Fatima Mansions grew out of the cult band Microdisney; its leader Cathal O'Cochláin is half generation younger than The Pogues or The Waterboys, and it shows in *Viva Dead Ponies* (Kitchenware KWCD 15), where the conflicting voices crowd in and displace O'Cochláin's own instincts; there are some good things scattered among the 19 tracks, and some wonderful titles – "More Smack, Vicar" – but never quite enough.

***Andrew Clements***

# 'Planets' thud to earth

IT IS difficult to know where to begin when discussing David Bintley's version of Holst's *The Planets*. It was first seen in August, and in these pages Alastair Macaulay very properly dismissed it as "saccharine and small-spirited". But, seeing it for the first time when it returned to the repertory at Covent Garden on Thursday night, I found it even worse than that.

An initial point of protest must be the use of an orchestral masterpiece vastly resistant to choreographic realisation. (Is there no musical conscience or music director at Covent Garden to protect scores?) Bintley's dramatic procedures trivialise Holst's writing at every turn. With its vulgarities – Uranians spewing ping-pong balls from their mouths; Jupiter as an outbreak of Edwardian folk-scampering and jingoism – the dance cheapens the very fibre of the music. And at a time when the Royal Opera House is pleading massive debts, it seems bizarre for the theatre to expend what must be extravagant sums upon the cumbersome designs by Ralph Koltai, with tilting rings, vast globe, acres of mirrored wall which helpfully reflect the image of the conductor, playground slides and profusion of glittering baubles, all better suited to a planetarium than an opera house. (The sudden view of a human foetus is an especially lovely moment in the theatre.) Decor as a blind, an apologia, for thin choreography is a shocking admission of inadequacy.

To compound the problems, we have Sue Blane's costuming, which unites complexity with blatant kitsch – the inhabitants of Neptune in long stretch-fabric skirts; Venus, the etiolated Bryony Brind, with an astral powder-puff tacked on to her *derrière*. Visually awful; choreographically flatulent, this is one of the worst – because bombastic, imaginatively shoddy – ballets staged at Covent Garden since the war. Most seriously, I find it argues an abrogation of responsibility by Covent Garden authorities in allowing something so obviously costly and undistinguished to lumber towards a first night without seeking to prune its excesses.

The evening brought my first sight of William Tuckett's *Enclosure*, which also had its première in August. It is only Mr Tuckett's third professional piece. It is very sincere, to Berg's Lyric Suite, about The Agony of Living, and comes complete with a quotation from Kafka. It has valid choreographic sequences but it is unsuited to Covent Garden. It should have been staged by the Birmingham Royal Ballet, where Mr Tuckett ought *still* to be experimenting, making many works, learning his craft instead of being pushed – too soon – on to the Opera House stage. There is no better way of bruising talent (which Mr Tuckett has) than by premature responsibility.

The closing *Elite Syncopations*, the Royal Ballet's favourite jam to sugar a programme pill, looks fresh, and is given with commendable elegance by its cast. No romping, but a neat way with MacMillan's jolly dances. Errol Pickford and Stuart Cassidy moved with splendid *élan*, and Jonathan Burrows (coping with the lovely but tall Sharon McGorian like a man with a recalcitrant deck-chair) was very funny. The music sounded a bit thin; the dance was as lively as one could wish.

***Clement Crisp***

# Yes, naive — it all rests on the fate of a porker

***Antony Thorncroft looks at the reputation of American and British folk art***

THIS WEEK the Crane Gallery in London's Sloane Street unveiled an exhibition of American and British folk art. Quilts sewn by the Amish in 19th century Pennsylvania nestle alongside a jolly Sun sign, which around the same time in England notified anyone who was interested that here was a branch of the Sun Alliance insurance company. Portraits of American farmers' daughters hang beside bloated English pigs. When it came to the financial crunch the British squire much preferred his kine to be immortalised in paint rather than his kin.

The exhibits come from Crane's own stock, boosted by contributions sent over by Hirschl & Adler of New York, the largest dealer in Americana. Often they appear identical – street scenes of around 1830 which could be either Boston, Lincs., or Boston, Mass. The major *difference* is the price: on average Americana is up to twice as costly as British folk art. Since most of the buyers are American anyway this does not matter too much to the UK dealers, who send over half their stock across the Atlantic, but it is a blow to national pride.

In the US, collectors, keen to *acquire a work of art which is* direct in its message, colourful in its content, and redolent of American history, are prepared to pay up to $1.2m. for a portrait of a girl in a red dress by such acknowledged masters of the naive as Ammi Phillips, an itinerant early 19th century folk artist who toured the farming areas of the north east; or $770,000 for a weather-vane of a man on a horse; or $176,000 for a quilt. Even an ornate fireman's helmet can top $35,000.

The main reason why Americans spend more is that they are richer and tend to be more patriotic, especially successful second generation Americans keen to show their gratitude. In addition American naive art has a simplicity that is missing from some British examples. The rural areas were more remote and less quickly industrialised so local craftsmen, both furniture makers and artists, and retained their innocence longer.

There were jobbing artists in England adept at capturing a prize cow or a fat pig, but, unlike the Americans, they rarely left their names to history. As well as honest to goodness simplicity, collectors of folk art like a name to latch on to, but apart from John Miles of Northleach most British artists lack a biography. So the *highest price paid at auction* for a naive painting in the UK is under £30,000, for Adam naming the animals by Miles.

Such reasonable prices attract buyers and prices have risen steadily in recent years for the best and rarest items: the routine stuff is ~ ite out of favour. There are a few serious collectors of our rural heritage – Lord MacAlpine was *one* – but in the main sales are made to country types, perhaps a breeder of pigs or cattle who thinks that a prizewinning sow or bull for £20,000 is a bargain compared with the £50,000 asked for a a cold Victorian beauty. Or to dealers like the Iona Gallery or the Rutland Gallery, for sale to Americans, although the falling buying power of the dollar has blunted Transatlantic enthusiasm for English folk art.

Last weekend Sotheby's included Americana in an auction in New York. There was good demand for the best items. A Pennsylvanian-German painting, labelled "Lady Washington", and depicting a woman on horseback, trebled its estimate at $110,000. The Crane Gallery found itself paying $24,200 for a weathervane of a ram which had a top estimate of $10,000. In contrast the highlights of Sotheby's next sale in England, at Billingshurst on December 4, include a portrait of a sheep by Richard Whitford, who specialised in depicting the animal, and estimated at up to £3,000, and a naive family group of around 1830 by an unknown artist, which could make the same sum.

But at the San Francisco Antiques Fair this weekend Stephen Joseph of Iona is *attempting* to push English naive art to new highs. He is offering a painting of five sheep in the park at Stowe, painted in 1831 by J. B. Woods, for £35,000 and a canvas pointedly entitled "A Fat Pig" for £38,000. Pigs are the rarest animals portrayed by the travelling artists and if this porker finds an American home it *could give prices* for English folk art the boost they sorely need.





Radio

# Wilde about Frank

ARTHUR MILLER is 75 this year, 15 years older than Harold Pinter, but Radio 3 only gave him one play, not three, as a celebration. It was *The Crucible*, which is worth any three of Pinter's put together, and Radio 3 admirably revived for Sunday the Third Programme production of 1964, adapted and directed by John Tydeman.

Miller's picture of the Salem witchcraft trials, their religious and political wrongness, their personal tragedies, was cogently presented with first-class playing, especially from Donald Houston and Jane Wenham as John and Elizabeth Proctor, Pinkie Johnstone as Abigail, and Donald Wolfit as the Deputy Governor. McCarthyism is over in the US, or if it is not, it is less public; but we must remember that it could so easily be re-established, and not only there.

Lest anyone should think that I only hear plays on Radio 3, let me record the fun I had with Radio 4's Monday play, Tom Holland's *The Importance of Being Frank*, which was a fantastic caricature of the Wilde play with a similar title. In this version, Ernest Worthing (Jack Klaff), though respectably married in the country, lives a gay life in London with Algy (Alex Jennings), unexpectedly the nephew of Lady Bracknell (Margaret Robertson), a butch lady handy with the horsewhip.

Ernest is arrested for indecent behaviour at Victoria Station and duly sent to gaol, where he finds his man Lane, who has become a prison officer. Wildean references abound, not only from *The Importance*, and the dialogue is couched in Wildean style. Just how amusing it would be to those unhappy folk who don't know Wilde, I can't say. I thought it was pretty amusing, and an interesting example of how far humour may be taken on Radio 4. Paul Schlesinger was the director.

Even Radio 4's afternoon plays allow more freedom than they used. On Wednesday, *Lying Low*, by Dave Dick, dealt with two weird women farmers, Mam and Kim, who believe a tramp (found swimming naked in the duckpond) to be a reporter. They hate reporters, having had much exposure when Mam's son Godfrey, Kim's boy-friend, escaped from gaol and disappeared. In a black climax to a comic play, Kim tries to knife the tramp, Mam shoots her and then feeds her to the pigs – just as, we learn, *Godfrey* had been. Michael Fox directed.

You might expect maximum freedom on Radio 1 on a Saturday night, but apart from some casual mentions of lesbianism, genitals and oral sex, and one use of a four-letter word, the only liberty I noticed was what we used to call "personal remarks" about public figures. These were in fact the basis of half the jokes in the script, which was written by the performers, David Baddiel, Rob Newman, Steve Punt, Hugh Dennis (and others). I saw them on television lately, but they weren't very funny there either.

Radio 3's increasing interest in jazz hit a rather bizarre summit this week. On Thursday there was an hour-long programme, *Mr Jelly Lord*, about Ferdinand (Jelly-Roll) *Morton; and next day came Dr Jazz*, the first of four half-hour programmes about him. The 100th anniversary of his birth fell last Saturday.

Thursday's programme was biographical, and presenter Charles Fox got much good talk from men, hardly his contemporaries, who had heard or even played with him. "He was an egotist" was the first judgment we were given, and so indeed it seemed. He believed that he had "invented" jazz, and he certainly marks the bridge between ragtime and jazz as it was in those happy days. He was also from time to time a pianist in a brothel, a patent medicine salesman, a stage comic and an alleged pimp. The nickname Jelly-Roll came from his stage act. He also called himself Whining Boy. *Dr Jazz* gives the music, and there is no question that he was a fine pianist and bandleader.

***B.A. Young***

Chess No. 844:
1 Re1 Kd4 2 Be4 Ke5 3 Bc3 mate.

ARTS

With the inaugural performance of the new Birmingham Royal Ballet next week, England's second city looks set for a cultural renaissance

# Much more than muck and brass

WHEN THE curtain goes up on George Balanchine's *Theme and Variations* at the Birmingham Hippodrome next Tuesday it will mark the reincarnation of the Sadler's Wells Royal Ballet as the Birmingham Royal Ballet – the BRB, as it must in future be known – and a dramatic moment in the cultural resurrection of England's second city.

The Birmingham City Council is the biggest patron of the arts in the area, spending about £37m this year, and at first glance it looks an odd way for such a body to spend money. Here after all is a city more associated with muck and brass than most, a city which the well-off prefer to treat as a working rather than a living base, a city which is a *monument to the architectural* and traffic depredations of the post-War years.

At second glance, though, the widely-held desire among Birmingham leaders of both the private and public sectors to have the city perceived as an international centre, with what Council documents call "a distinctive and robust cultural landscape", is not so surprising. The Council is Labour-controlled, practical rather than ideological, in the tradition of Attlee and Morrison rather than Lansbury and Benn, but it embraces a strand of Labour thinking which has always linked the provision of material benefits to investment in the arts. It has an "arts strategy" based on the belief that citizens have needs – "to be entertained; inspired; stimulated; informed; amused; educated" – which are "essential elements of the quality of life." In providing such patronage, the City Council is of course well aware that a reputation for the arts is in itself an economic tool. It helps to draw visitors to the city; it is an adjunct to the development of the services sector, seen as a priority in the West Midlands to reduce excessive dependency on manufacturing industry.

The arrival of the Royal Ballet fits neatly into all of this. "We were approached first, we didn't ask them," recalled Cllr Brian Bird, *chairman of the* Council's leisure services committee. The Council is also providing a new home for the D'Oyly Carte Opera, whose new base will be the Alexandra Theatre. And, of course, its finance is a staple part of the City of Birmingham Symphony Orchestra's diet

In the long run though the significance of the BRB to the cultural life of the city will come as much from the work it does outside the Hippodrome as from the performances it gives inside it. When Cllr Bird heard about the company's outreach work, that, he said, "was even more important to me." The BRB is extending programmes it started some years back – "I want more than anything that we become part of Birmingham life," asserts Peter Wright, the director.

The BRB is not alone in taking *expertise outside the big* theatre. Glyndebourne Opera, of course, does the same, and it is the vocation of City of Birmingham Touring Opera, now on the road with a slimmed-down version of Wagner's Ring cycle.

There are two points about the presence of new companies and the financial sustenance of the regionally home grown, of which the Touring Opera and Kokuma, one of the best black dance companies in the UK, are recent examples. The first is that the more formally organised companies there are in the region, the greater the likelihood that local talent will remain in the area. There is a compound effect here: the more activity there is in the city and its surroundings the more there is likely to be. The second is that greater contact between artists and public, easier access to the arts, is part of the old Labour dream of emancipation.

In terms of patronage, this means that the City Council's £37m is spread out beyond the big name companies to jazz and film festivals, to local choral societies, to helping stage the performances of *Archaos*, the decidedly untraditional French circus. One effect is to foment what Mr Anthony Sargent, the City head of arts, calls "a constant sense of activity bubbling just under the surface." Arguably, the highest *barrier to Birmingham's quest for a high cultural reputation* is the visual appearance of the city. The city fathers are sensitive about such criticism, but accept it in that they are prepared to do something about it. Thus public money is going into sculpture for new public buildings, most notably through the City Council's membership of Percent for Art. One per cent of the original cost of the new International Convention Centre is being spent on art and craft commissions.

The concomitant is that, although the city has a museum and art gallery with a fine collection of pre-Raphaelites and British water colourists, its reputation in the visual arts is not high. Ms Clare Stracey runs Midlands Contemporary Art, which, she says, is the only commercial gallery selling pictures. "There is no serious art dealing world in Birmingham. The city is twinned with Frankfurt which has 92 galleries."

Although there is, as Ms Stracey puts it, "a very rich artistic output", artists decamp to London to make their reputation. The City Council is trying to arrest the trend by coming to terms with lack of studio space. But if Birmingham is to have that glittering cultural life which the arrival of BRB is seen as symbolising, it is going to be embarrassing to be asked by that stream of visitors so confidently expected, "Where *are the galleries?*"

***Paul Cheeseright***

Members of the BRB – formerly Sadler's Wells – rehearsing in their new premises

# Dance into the future

IT HAS taken 64 years for the Royal Ballet to get to Birmingham. When Ninette de Valois returned to England in 1925 after two years with Diaghilev's Ballets Russes, she was already considering the idea of an English Ballet. Such an enterprise, she knew, must be placed within the relative security of the existing repertory theatre system, and the next year she wrote letters to Barry Jackson at the Birmingham Rep, and to Lilian Baylis at the Old Vic. Barry Jackson was not interested. Had he been so, the history of ballet in this country could have been very different, for Miss Baylis invited de Valois to come and see her. The eventual result was the Vic-Wells – now Royal – Ballet, the national ensemble de Valois had envisaged. On October 30, half of that Royal Ballet will open its first season as the Birmingham Royal Ballet, and 64 years on, Dame Ninette may be excused a quiet "I told you so!"

The fact of Birmingham's Royal Ballet is very significant indeed. Its antecedents lie in the company de Valois initiated in 1946 when her existing Sadler's Wells Ballet was translated to Covent Garden's grander surroundings. Dame Ninette was not prepared to abandon the Islington audience which had supported her enterprise since 1931. A second company, largely made up of youthful performers, was thus founded. It flourished, and with it grew up a new generation of dancers and choreographers to feed both troupes.

A duty to the regions was acknowledged as this Sadler's Wells Royal Ballet took to the road in the 1950s. Under the directorship of John Field, and then of Peter Wright, it consolidated its identity as the younger half of a national ballet. The call for artistic devolution in the 1960s, for independent regional ballet, brought the creation of Scottish Ballet and Northern Ballet Theatre. Twenty years on, Birmingham's acquisition of the Sadler's Wells Royal Ballet is a recognition of the city's artistic importance and an indication that the company has a larger function and, I would hazard, a new identity as focus and inspiration for a developing dance and theatre public.

In conversation recently Peter Wright, Birmingham Royal Ballet's director, spoke of the happy timing of the move, and of its possibilities. "It is time for the Royal Ballet to spread its roots, as Dame Ninette has said, and Birmingham is a cultured city in the right place. We look to Birmingham, but also out to Bristol and into Wales, as sources for audiences, dancers, and artistic collaboration. It's vital that we involve Birmingham as much as possible in our work. There are good dancing schools in the city, and I want to start a Saturday morning 'outside' class for local dance talent, because we are Birmingham's ballet and there must be a local relevance to our work, for schools as foa all the creative and artistic life of the city, including art galleries and the superb orchestra.

"We must never be thought of as a visiting company that just happens to perform and rehearse in the city. We belong, and to show this we must increase our exposure there by giving longer seasons, and even start the kind of ballet-week that is held in major German cities. Birmingham must be recognised as an international centre for ballet. The city has made an amazing gesture to us, involving huge amounts of money and a real municipal commitment, and we have to justify this by our work and our contribution to the life of the city and of the region.

"In the beginning my feelings were ambivalent: there had been an earlier and abortive plan to share facilities in Manchester with Northern Ballet Theatre. Now we realise that the way is open for a tremendous future which we cannot afford to lose or bungle. We are installed in magnificent new facilities - the dancers are wide-eyed at the studios - and my doubts have disappeared. But our work will not be easy. We have a Birmingham audience, since the city has been our second home for nearly a decade, but we cannot sit back and say 'We're here! Come and see us!' We have to make people want to see us.

"So the out-reach work that we have done is important and exciting. Because Birmingham is a richly multi-cultural city, we initiated a project last year inspired by Ashton's *La Fille mal gardée*. In each of seven schools a dancer and a musician went to work to help create groups of performers and musicians. At the end of a term and a half there was a special performance in which each school showed what it had done. I was moved to near-tears by the children's achievement. This wonderful feeling among the children is part of the artistic vitality of the city: it is fertile land on which to build a company in the long term. I think all the time of the future, and even about a time when we might have a Birmingham branch of the Royal Ballet School.

"Above all, we must continue the traditions given to our company by its founders. It seems to me very important that we remain true to our past. Of course, things will evolve, but we have always been a company which made its own stars, which travelled and performed as an ensemble. At present we plan to perform for five weeks in Birmingham, with a further five weeks in London as part of our touring schedule, but my hope is that our Birmingham performances will increase as soon as possible.

"We have also a great heritage of ballets to look after, and it is important that we preserve the masterpieces of the past, which is why I think it valuable to revive Massine's *Choreartium* next season. But our duty has equally been to nurture new choreographers, and our 'choreographic weeks' will continue as a period in which young creators can be encouraged, guided, and given the best surroundings for work. The Hippodrome allows us excellent facilities for that. And as a gesture of gratitude to our new home, I am mounting a completely fresh *Nutcracker* at Christmas, which will be the city's own staging".

***Clement Crisp***

# Orchestrating the costs

IF THE City of Birmingham Symphony Orchestra were a quoted company, then its directors would probably find it difficult to sleep at nights. Here is an organisation which has never looked better. It has won critical and popular acclaim. Its musical director, Simon Rattle, is not only very good at his job but is telegenic *as well. Yet it just about* breaks even and it has only a slender asset base.

The annual report, published recently, shows what a precarious financial existence a large orchestra leads. The CBSO's own activities during the year to March 1990 produced an income of £3.3m, but its expenditure was £3.9m. The gap was bridged largely by the Arts Council, with £928,400, and the Birmingham City Council, with £780,000.

*At the end of the year*, the CBSO had an excess of income over expenditure of a modest £117,562, part of which was carried forward in an accumulating surplus and part of which was put into a reserve fund to replace assets. This surplus and this fund, which together total £279,740, represent the orchestra's net assets, so it does not have much to fall back on. At the end of the last financial year, the CBSO had cash at the bank *of nearly £600,000, but as it* had creditors for amounts falling due within a year of over £673,000 there was no vast liquidity.

During the current year, Mr Edward Smith, the chief executive, expects the CBSO again to break even but there are problems. The Arts Council and Birmingham City Council grants are crucial to stability. Not that there is any danger of the City pulling the *plug. The City fathers are well* aware of the CBSO's potential for shedding a warm cultural light over often bleak surroundings. During the last financial year, the CBSO had £308,813 from sponsorship and donations, 25 per cent more than during 1988-89. The search for new sponsors continues but the economic downturn does not help.

Next April, the CBSO moves into a brand new hall, part of the City Council's International Convention Centre. This will allow it to boost revenue: there will be an extra 400 seats which can be filled at no doubt higher prices. But this gain is partly offset by higher hire charges.

Scope for cost cutting is *limited. Nearly two thirds of* all expenditure goes on salaries, national insurance, pensions and the cost of hiring extra players from time to time. Orchestras are labour-intensive. It needs a lot of players for those composers of the moment – Bruckner, Mahler and Shostakovich.

***P.C.***

# Roman orgy at the banquet

RAUNCHY AND picaresque, the *Satyricon* of Petronius is esteemed by classicists for its wealth of Roman demotic. We have it only in fragments, of which the longest is the famous account of an orgiastic banquet given by Trimalchio, a gross *nouveau riche*. In 1971 the composer-teacher-conductor Bruno Maderna led a Tanglewood music-theatre workshop which tried some "exercises" around that scene, and two years later – just months before his sadly premature death – he helped to concoct a theatre-piece from them, and from Petronius's *dialogues, for the Holland Festival.*

That, newly arranged, is what the Opera Factory is giving its British première at the Drill Hall. The whole action is "Trimalchio's Banquet", which is exactly what you might expect the Opera Factory to get its teeth into: comic low-life decadence, every excuse for nudity, perversion and the odd flogging. Well, those things are duly paraded (no more shockingly than in *The Rocky Horror Show*) by a willing and able cast; and yet on Thursday the party never really got going.

The Maderna score comprises 16 items (some just recipes for improvisation), with some optional tape-stuff: mostly party-numbers which *need* a party. There is some pastiche Weill, some music-hall, a few good character-"arias", a wistful ensemble or two and pungent snatches of scene-music – but nothing to establish the whole grotesque blow-out, which the producer is left on his own to imagine.

The collective impression made by Robert Chevara's cast is that they are still wrecked from a much bigger and better orgy the night before. And it was a mistake to respect Maderna's multi-lingual salad of a text, shifting arbitrarily into German or the original Latin: that was a tic that afflicted Italian composers in the 1960s, but shouldn't be inflicted upon singing actors now.

Individually, the players all have their engaging moments. Not all have to sing much; among those who do, Christopher Robson spins an exquisite alto line, and Angela Hickey makes Trimalchio's wife a lusty old broad. Lecherous Encolpius, a principal in the original story, dwindles in the Banquet here to a starveling role, though James Meek seizes such opportunities as he gets. The actress Sian Thomas knows what to do with louche Scintilla's genteel airs; the drag-artiste Bertie is neatly amusing as the catamite Niceros. Mark Didcott and Helen Sheals do well what is asked of them, and David Parry conducts the Opera Factory Ensemble expertly.

Even if this were a much more rambunctious party than it is, it would still need a properly improper host. Trimalchio is simply not within Kevin West's natural histrionic range. He gives us a mildly crusty character, plausible enough – but never remotely on the overweening scale of Petronius's ludicrous, childlike, unpredictably nasty monster. Without a Trimalchio of the right threatening proportions, the Banquet loses its focus and indeed its whole point. What we see is just an amiably campy, mildly lubricious charade, too tame to set off Maderna's real-but-fragile contributions to best advantage. It takes only an hour or so: pleasant enough after drinks.

***David Murray***

# Young Vic fights on

THEATRES ARE currently cutting costs. an In York the youth group goes, in Nottingham it is staff. Plymouth is considering closing down its studio and the RSC is about to shut up the Barbican for the winter. Growing deficits, largely the result of reductions in subsidy, are claiming victims at last.

Even if Minister for the Arts, *Mr David Mellor, has achieved* a 7 per cent increase in his budget for 1991-92, allowing the Arts Council to distribute 5 per cent more to *its clients*, it will do little to stop the rot. The Council will probably have to be selective in its aid, throwing some theatres onto their own resources.

One theatre is making strenuous efforts to get in the black as quickly as possible rather than bemoaning its fate. The Young Vic, faced with a deficit of £220,000 and rebuilding work costed at £100,000, is well on the way to raising £350,000 by the end of the year. An appeal has already raised £180,000 and tomorrow the theatre launches a crash programme of 73 events in eight days, which should raise at least £80,000.

The running order for next Friday sums up the enterprise. At 10.15 am in the Studio the Young Vic's Director, David Thacker, talks about the technical aspects of directing *The Tempest* while in the main house John Waller conducts a masterclass. At lunch time there is a performance of Barry Keefe's *Sus* and a theatrical discussion, "Identity Crisis", chaired by Michael Billington, with Trevor Nunn and Frank Dunlop among the panel. In the afternoon *The Tempest* fills the studio and *A Fish called Wanda* is screened in the main *house. The evening is filled by* a Berkoff play, *Lunch*; John Cleese in conversation; an Open Forum with Nick Ross; George Dillon in his one man show *Stunning the Punters*; and then two late- night cabaret.

The Young Vic has generated much goodwill during its history, but its rapid response to its deficit is a lesson to other theatres. After all, its financial experiences over the last six years must be paralleled throughout the country. In 1983-84 it received £356,000 in subsidy from the Arts Council and local authorities and it earned £138,000. In 1989-90 its grants had actually fallen, to £336,000, whereas its earned income, plus donations, had risen to £763,000.

Inthe Young Vic will also be attempting to build up its one area of weakness – commercial sponsorship.

***Antony Thorncroft***

# Genesis of Scott the Sahib

*If ever a writer paid his dues for posthumous celebrity it was Paul Scott, says **Anthony Curtis***

AUDEN COMPARED the fate of the poet "encased in talent like a uniform" with that of the novelist, who "...in his own weak person, if he can,/ Must suffer dully all the wrongs of Man." After reading Hilary Spurling's revealing life of Paul Scott, one feels that no novelist can have taken on the vicarious suffering of those wrongs with a greater commitment or paid a higher price in blood, sweat and tears. The book may be read as a cautionary tale for anyone considering devoting him- or herself to this most arduous of professions.

Scott came from a Yorkshire family on his father's side whose members were commercial artists and had drifted south to the honeypot of London. His father's speciality was drawings for the fashion trade. Money was always rather tight and the Scotts had a tough time keeping up appearances in the genteel worlds of Southgate and Palmers Green in the 1930s. After he had been to India, Scott said the set-up there was the same as in suburban Britain – "...the maidan, the club, the cantonment, the governor's residence. Only the names were different."

The boy's academic ability and literary leanings soon emerged. But his father, dour, hard-headed Tom Scott, was not having any of that. After one more family financial crisis, Paul, now aged nearly 15, was summarily told he was to leave school in order to train as an accountant. It was the equivalent of the dispatch of the young Dickens to the blacking factory, and had just as far-reaching consequences.

If the poetic and play-writing impulse went underground for while, it was not to be denied. Paul read Oscar Wilde and Chekhov, became a part of a local literary set, made friends with Clive Sansom, an older poet, who offered constructive criticism. Determined at least to look like a success, Scott became a dandy in his style of dress – there is an enchanting photograph of him here in a three-piece suit, trilby hat and gloves, aged about 17. He also fell under the spell of a homosexual mentor.

All this while working hard at his accountancy. He won the silver medal for excellence and was set to qualify with top honours when war broke out. The army followed with a somewhat chequered career in the ranks. At one point he lost his lance-corporal's stripe and Spurling speculates inconclusively on the reason. Was it something to do with poetry? Or drink? Or homosexuality?

It did not take him long to get back on course. While in a basic training-camp in Torquay, he fell in love with a nursing sister, married her in 1941, and was shortly afterwards off on a posting to India in the Service Corps as an officer cadet. The sub-continent made an impact he was never to forget. Spurling well describes the gradual genesis of Scott the Sahib. He was not the only budding novelist out there. He soon met others like James Leasor and Rupert Croft-Cooke and enjoyed the camaraderie, while noting the hostility of the locals whose public message to the Brits was Quit India.

The novelist suffers all the wrongs of

**PAUL SCOTT: A LIFE**
**by Hilary Spurling**
*Hutchinson £18.99, 438 pages*

**PAUL SCOTT'S RAJ**
**by Robin Moore**
*Heinemann £18.50, 246 pages*

man in his own person, it is true, but he also exploits the people he meets in his search for material. Spurling has been across India in the steps of Scott, talking to people both Indian and English whom he knew there in his army days and on his later visits. She cautiously relates some of them to characters in the novels. The attractive sergeant in intelligence, Guy Perron, who appears in the *Quartet* like Fortinbras to pick up the pieces at the end, owes much, we gather, to the classical scholar and novelist, Peter Green. But what about the two great antagonists of the work, Hari Kumar and Ronald Merrick?

Spurling has found a model for Kumar in Neil Ghosh, who received a public school education at Blundell's and then went back to the sub-continent to experience the same status-shock as Kumar but to survive it more robustly. The origins of Merrick are more complex and lie deep in Scott's psyche. Another student of the novelist, Professor Robin Moore of Flinders University, South Australia, whose *Paul Scott's Raj* probes interestingly into the diverse sources, literary and human, of the *Quartet*, suggests a link with some of the attitudes of a contemporary politician, Enoch Powell. Moore has identified the many books on India that Scott reviewed anonymously for the TLS, and discovered further evidence of his conscientiousness to make the details of the Raj life-style as authentic as he could. Spurling meanwhile shows us the indelible mark made on his consciousness by the ordinary Indian's attitudes through Scott's visit after the war to the village of his former army sergeant.

Before Scott had the confidence in the post-war world to write full-time for his living, he went through a long apprenticeship. Spurling traces his development from early novels like *Johnnie Sahib*, *The Alien Sky*, *A Male Child* to *Staying On*. His first books were written in his spare-time from jobs. First, with a small publisher, the Falcon Press, run by the egregious Captain Peter Baker MP, later convicted of fraud (see Muriel Spark's novel *Not Far From Kensington*). By then Scott had left to become a literary agent. All his clients, people like E.M. Almedingen and Gerald Hanley, testify to the superb support he gave them in this role and many were disconcerted when the agent turned into a peer and a rival.

At that point the story ought to end happily, but it does not. The cost of becoming a freelance was punishing. Apart from suffering from amoebiasis, a debilitating tropical disease which took some time to diagnose and treat, Scott became deeply drink-dependent, reclusive, and so alienated from his wife through pressure of work on the books and constant financial anxiety, that the marriage broke up.

Moreover, Scott was often disappointed at the reception his mature work received at the hands of the London literary world. By the time he won the Booker Prize in 1977 for *Staying On* he was dying, and although by then his great contribution as a novelist to the understanding of the imperial myth was becoming recognised in appraisals like that of Max Beloff (in *Encounter* May 1976), it was too late to give him much comfort. The sudden increase in sales, that would have given him the income he worked for all his life, occurred only with the Granada television series after his death. If ever a writer paid his dues for his well-deserved posthumous celebrity, it was Scott.


# The fifth man

SOME YEARS ago in Mexico City I was befriended by a Soviet journalist who was the correspondent for *Pravda* and plainly on the verge of a nervous breakdown. His problem was not the absence of news in Mexico; it was the failure to fulfil his brief. He had gone there, he said, to find out how the ruling PRI managed to keep its hold on the country without Mexico becoming a one-party state and while maintaining elements of democracy. After 18 months he had got nowhere in his quest.

The story came back to me while reading this book on the KGB. Stalin always kept the tightest hold on Soviet intelligence, even though he did not always believe what it reported. What he wanted to know from his agents in Germany around the time of the Nazi-Soviet pact, for example, was not so much the background to German policy but what was the secret of Hitler's success. "What made the Nazi party work, how had it trampled most of Europe underfoot?"

*KGB: The Inside Story* is full of interesting notes like that. About the book as a whole, however, there must be some reservations. Indeed, I strongly suspect that its main purpose is to get the Philby-Burgess-Maclean-Blunt affair out of the way for good by finally and definitively naming the fifth man in the saga. A subsidiary purpose is to show that while British security may have been riddled with Soviet infiltration, the British were not too bad at hitting back.

Christopher Andrew is a Cambridge don who has become the unofficial historian of British intelligence, and Oleg Gordievsky was high up in the KGB, and indeed wrote an in-house history of some of the organisation's activities. Gordievsky became a British agent in 1974, was appointed KGB resident or head of station in London in 1985, was recalled to Moscow under some suspicion, and then escaped back to Britain where he formally defected. In other words, he was a kind of Kim Philby in reverse.

Andrew and Gordievsky have worked together on the book, though the writing is Andrew's. It is possible that it reveals a great deal more than the layman will see, yet for the ordinary reader the main interest is in the identification of the fifth man. He was talent-spotted by Anthony Blunt and his name is John Cairncross, incidentally the brother of the famous and blameless economist, Sir Alec Cairncross.

Cairncross seems to have had a less appealing personality that some of his fellow spies, but had a much more varied career. He was enlisted at Trinity College, Cambridge, having previously studied at Glasgow University and the Sorbonne. Since he had been brought up on Red Clydeside, he made no secret of his early

**KGB: THE INSIDE STORY**
**by Christopher Andrew and Oleg Gordievsky**
*Hodder & Stoughton £20, 704 pages*

communist leanings, but was quick to dissociate himself from them when he began to take the cause in earnest. In 1936 he passed top of the Foreign Office examinations, well ahead of the runner up, Con O'Neill, who was to become one of the earliest advocates of British entry to the European Community.

Apart from the Foreign Office, Cairncross worked in the Treasury and numerous private offices, all close to the heart of intelligence. He must have been one of the first to have known about the development of atomic weapons. A senior Soviet source is quoted as saying that Cairncross's achievements were the equal of any of the five except Philby.

Since nobody has denied the revelation in the book – Cairncross is still alive, living in France – we must assume that it is true. It is just slightly odd that it has not come out before. According to the book, Cairncross was unmasked as the result of an unusual piece of carelessness by Blunt, as long ago as 1951. He admitted to having passed confidential information to the Russians, but denied being a spy. Cairncross was obliged to resign from the Treasury and eventually went to work for the Food and Agriculture Organisation in Rome. Anyway, now we know.

Readers will alight on other pieces of information as they go along. I found it interesting that Soviet intelligence was so obsessed by Japan in the 1930s. Along with Britain, it was the country which received maximum attention. Soviet agents were much less effective at penetrating Germany, and took little interest in America until after the second world war.

For the rest, there are some extraordinary tales of bungling. Philby's excuse for going over to Moscow remains as feeble as ever: "In the mid-1930s it seemed to me and to many of my contemporaries that the Communist Party and Russia constituted the only firm bulwark against fascism."

The best comments on western attitudes to the Soviet Union of the time come from Malcolm Muggeridge and are quoted in this book. Of the radical pilgrims who came from Britain to Stalin's Russia, he wrote: "Their delight in all they saw and were told, and the expression they gave to this delight, constitute unquestionably one of the wonders of our age... The almost unbelievable credulity of these mostly university-educated tourists astonished even Soviet officials used to handling foreign visitors."

***Malcolm Rutherford***

Our critics review some popular best sellers – thrillers, horror stories and historical sagas.

# Frightened to death

EDITH WHARTON was unequivocal: "the teller of supernatural tales should be well frightened in the telling". Her stipulation is reasonable. Any emotion is bound to sound more convincing on the page if experienced by the writer, and few emotions, certainly few agreeable emotions, are as infectious as fear. Disquiet could therefore be a potentially chronic condition for most successful exponents of the supernatural. Stephen King, the most successful of the lot, must tremble daily.

That unremarkable name has sold remarkable quantities. Even those who have never read him have encountered his nasty imagination while watching *Carrie* or *The Shining*, both based on his books. Frightening cinema-goers is, of course, different from frightening readers, if only because words must do entirely what unexpected images or unsettling soundtracks can do in films. And what terrifies one man can leave another unmoved. Any horror writer hoping to see the whites of every reader's eyes therefore needs variety. This book contains four novellas – something, presumably, to upset everyone.

I was upset at the outset: by King's self-importance (betrayed by the laboured, autobiographical introductions to each story) and his obsession with baseball, rather than by his crude and prolix English. The first story, "The Langoliers", describes a flight which goes horribly off-course and left me cold (though those who dread flying may react differently).

"Secret Window, Secret Garden" is greatly superior. Its account of the fate of a successful writer charged with plagiarism is chilling and assured, not least because one guesses what is happening. (As one of King's characters observes, there are no new stories, only new ways of story-telling.)

Tracing the paranormal is King's bread and butter but is also a staple of the pop-fiction industry. Michael Stewart, like King, has seen his work filmed, but his ventures into the realms beyond science have a didactic edge. *Birthright* is the story of a Neanderthal teenager abducted from the Caucasus and set down amidst the stultifying conformity of suburban Boston. It is glibly written but too ready to blind with science: a generous helping of technical talk lends respectability to the wildest yarns.

Stewart remains carefully undecided about whether Neanderthal man was more savage than his modern suburban cousins. And in his eagerness to include talk about global warming and glasnost, he declares his indifference to the rule that obsessive topicality is the shortest route to obsolescence. But the story, and whether "Adam" will become a normal American teenager, or whether The Foundation (typical of the sinister, all-powerful body common in thrillers) will use him for experiments, carries one over its more glaring improbabilities.

Best-sellers can do more than skirt the known boundaries of technology and factual possibility. The past is an equally intriguing area for exploration, particularly with a cicerone as engaging as Flashman. George MacDonald Fraser's latest romp finds the cad of Tom Brown's Schooldays in the Punjab ("an Aldershot in turbans") in 1845. Devotees of the series will be familiar with Flashman's cheerful philandering, and the proof he offers, in successive and reluctantly undertaken escapades, that fortune favours the craven. This was my first encounter with these lost chapters of Victorian imperialism, and what struck me most, other than the scrupulous attention to period detail, was the brilliance with which Fraser finds and sustains the right tone. The "history" of the Flashman Papers may diverge from more objective accounts, but it never lacks for immediacy. And it is always subordinate to Flashman himself. His charm is that, although a dishonest scamp, he is not a charlatan, and can spot frauds through clouds of grapeshot. And as this blackguard takes

**FOUR PAST MIDNIGHT**
**By Stephen King**
*Hodder and Stoughton £14.99, 676 pages*

**BIRTHRIGHT**
**by Michael Stewart**
*Collins £13.95, 320 pages*

**FLASHMAN AND THE MOUNTAIN OF LIGHT**
**by George MacDonald Fraser**
*Collins Harvill £13.89, 367 pages*

**THE TWISTED SWORD**
**by Winston Graham**
*Chapmans £13.95, 510 pages*

us aside once more, glorying in his insolent cowardice and worldly self-gratification we realise that we are in the company of the one of the finest of recent comic creations.

Winston Graham's *Poldark* series has proved another popular historical saga. This, the culmination, sees Ross and Demelza in Paris in 1815 on secret government business. With its carefully positioned flashes of local technicolor, its language an uneasy mix of self-conscious archaisms and modern usage, and its clumsy introduction of important contemporary figures, this seems like costumed soap-opera at its flattest. But Ross gets a baronetcy and the clouds lour over literary Cornwall. *The Twisted Sword* will find plenty of takers.

***Clive Fisher***

# Actress's drama with a slaveowner

FANNY KEMBLE was famous for three things: her acting; her marriage; and her divorce. Her American journals deliver little of any: here, she writes travel and social criticism.

She made her debut in 1829, at twenty. Her uncles, John Philip and Stephen Kemble, were both actor-managers. Her father, Charles, managed the Covent Garden theatre, but had run into debt, and worse, an onerous lawsuit. He thought his daughter might draw crowds and money. He was right. Her performances

**FANNY KEMBLE: THE AMERICAN JOURNALS**
**edited by Elizabeth Mavor**
*Weidenfeld & Nicolson £16, 216 pages*

over the next three years were a sensation, and she became a post-Regency megastar. It seemed natural to take the talent to America, and in September 1832 Fanny and her father set out for New York.

The early journals cover the period which Fanny spent on tour. Her eye looks through English lenses: "Came home up Broadway, which is a long street of tolerable width, full of shops, in short the American Oxford Road, where all the people go to exhibit themselves and examine others." And at Philadelphia: "There is an air of stability, of well to do, and occasionally of age, in the town, that reminds me of England."

In Philadelphia, she met Pierce Butler, an idle slaveowner. They married in 1834. She prepared the American Journal for publication, against his wishes; so she walked out. The journal was published in 1835 – and was a great success (Princess Victoria admitted "It amuses me") But the marriage failed as surely as its pattern was set.

The succeeding years witnessed a curiously modern game of transatlantic brinkmanship, walkouts, tantrums, ultimata. Only with Fanny's arrival in Georgia, on Butler's plantation, did matters become clear enough to precipitate divorce. The slaves' condition mirrored her own. She asked Butler "upon what ground should you exercise this control over me?" Her Plantation Journal (1863), catalogues the horrors and privations visited on the black slaves. She takes a sociologist's stance, against the current of her time; so she defends the slaves: "These detestable qualities, which I constantly hear attributed to them as innate and inherent in their race, appear to me the direct result of their condition."

She falls short of the Trollopes and Dickens in their accounts of America; for she writes too haphazardly. But these journals are worth reading as the journey of a tolerant mind facing up to stupidity and intolerance in the man she loved.

***Andrew St George***



# And so the plots thicken . . .

MEET CHILI Palmer, Miami loan shark, who might have been Mafia if it hadn't been for the Puerto Rican blood on his father's side. A slick-talking, street smart kind of guy with a touch of Damon Runyon about him. He is sitting in the barber's shop one day, shooting the breeze and minding his own business, when in walk a big coloured guy he has never seen before and Ray Bones.

Now Ray Bones is a shylock too, only bigger than Chili, and they don't hit it off on account of a little bother some time back when Chili creased Ray's skull with a slug from a .38. So when the coloured guy pushes Chili into the chair and Ray begins to rearrange his haircut for him, you can be sure there's going to be trouble quicker than you can say Elmore Leonard.

So much trouble that Chili takes off for Vegas in a hurry, in pursuit of a mark who is behind with his payments. He needs the money to get Ray Bones off his back. Only he bumps into a Hollywood producer on the way, a dumb kind of cluck who has gambled all the development money for his next picture on the result of a basketball game, and lost.

So Chili's idea is that they use the money from the mark to make the picture – except that the picture they ought to make is the story of Chili and the mark. The producer thinks the idea is fine as far as it goes, but it doesn't go too far because the plot loses its way before the end and becomes bogged down. Elmore Leonard can't make up his mind whether he is writing about Miami hoods or Hollywood money men (always assuming there's a difference). Plotting aside though, what he writes is very funny, not so much a thriller as a good excuse for a series of Runyonesque one liners, in the best tradition of the master.

Sidney Sheldon is a very different kind of writer, much more down to earth, although every bit as professional. Like Leonard, he has worked in Hollywood and knows the score. Like Leonard too, he is associated, perhaps unfairly, with the sort of book that you grab at an airport and leave behind when you go home. Unfairly, because whatever his shortcomings, he knows his market, knows how to keep the pages turning right up until the last line.

*Memories of Midnight*, his latest effort, is a sequel to *The Other Side of Midnight*, which charted the rise and rise of Constantin Demiris, an Onassis-style billionaire who went through women like a mechanical digger and would stop at nothing – even murder – to get what he wanted. In the last book Demiris's mistress was unfaithful to him and was killed (along with her lover) for her pains. Now Demiris plans

**GET SHORTY**
**by Elmore Leonard**
*Viking £13.99, 292 pages*

**MEMORIES OF MIDNIGHT**
**by Sidney Sheldon**
*Collins £13.95, 291 pages*

**CRY HAVOC**
**by J.K. Mayo**
*Collins Harvill £12.95, 298 pages*

**CUBAN BLUFF**
**by Nigel West**
*Secker & Warburg £13.99, 250 pages*

to complete his revenge by seducing and murdering Catherine Alexander, the lover's widow.

Demiris's brother-in-law meanwhile hates the sight of him and will do anything to bring him down. Throw in drug smuggling, bomb attacks, courtroom dramas, some beautiful double crosses and a genuinely cliff-hanging finale, and what you have is Sidney Sheldon at his most exuberant. His stuff is never going to be high art, but it is good reading nevertheless, much more carefully put together than it at first appears.

*Cry Havoc*, by J K Mayo, is the third in a series of novels about Harry Seddall, the British intelligence officer who seems to have made as many enemies inside Whitehall as out. This time it is someone upstairs who doesn't like him, someone whose political career might well be jeopardised if a certain incident from long ago was ever to see the light of day.

The incident took place at Bletchley Park during the war. It was witnessed by two cryptographers, one an American academic, the other an Englishwoman who retired to a remote Scottish island after the war. Nearly half a century later she is murdered by men unknown, but not before warning the American that his life is in danger and that only Harry Seddall can help him. The American enlists the aid of a former Nazi war criminal to get him safely to England. And so the plot thickens...

Nigel West's *Cuban Bluff* is about the missile crisis of 1962 and is stuffed with real characters, everyone from Sir Roger Hollis and Sir Hugh Stephenson to Vassall, Penkovsky, Lord Carrington, Denis Healey and Lee Harvey Oswald. It begins with a KGB officer seeking to defect, and continues via U2 overflights and Soviet trawlers to a naval denouement in the eastern Caribbean. The story is competently told, and the research is first class, but one still can't resist a feeling of having been here before.

***Nicholas Best***

# Nostalgic over the Cold War

THIS IS the kind of book a prep school boy might keep in his tuck box. The dust jacket proclaims "The book the Government Tried to Ban". Well, it did, but not very hard. Cavendish's post second world war career in British intelligence (Middle East, London, Germany) was too brief for its links with domestic political figures and issues to be grasped, or revealed. Moreover, Cavendish to his credit is no spiller of beans which ought not to be spilled: he is a survivor of the Cold War's tight lipped earlier days, of which he gives an indulgent, extended, nostalgic memoir, a kind of *Small Town in Germany* minus Le Carré's gloom. Le Carré's service was also brief; maybe there is a kind of law of inverse ratios which operates, so that limited intelligence experience produces protracted recollection, or fictional reconstruction.

But Cavendish lacks the novelist's care in constructing his plot. After leaving government service, Cavendish embarked on journalism – he gives a good account of the 1956 Hungarian uprising – then moved to merchant banking. This more satisfying career returned him to the Middle

**INSIDE INTELLIGENCE**
**by Anthony Cavendish**
*Collins £12.95, 181 pages*

East and former cronies. Cavendish's account of a not uneventful life is, however, marred by so many errors of fact that one wonders if he ever kept notes. One mark of a good intelligence officer is the capacity for accuracy.

So one also wonders if Cavendish was ever really suited to the world which Le Carré recalls so clearly: the drabness of post-war Berlin; the all pervading Russian presence; the sense of futility underlying so many operations; the faint perception, felt perhaps more in Broadway than the field, that outwitting the enemy required more than brave men and far fetched schemes.

A final point: Cavendish gives a valiant defence of his old chief Maurice Oldfield, that brilliant "C" of the 1970s, whose last years were marred by vicious, covert innuendo. To that defence the late lamented George Young also contributes some wholly characteristic observations.

***Anthony Verrier***

TRAVEL

# A feast for eye, mind and stomach

***Susan Moore and Antony Thorncroft luxuriate in the higher pleasures, cerebral or otherwise, of travelling in Italy***

IN ITALY, the art of painting and the art of gastronomy go hand in hand, if not tongue in cheek, writes Susan Moore. The Italians seem to invite comparisons between the pleasures of the palette and of the palate. Where other than Venice, say, can one sip Tizianos and Bellinis, and savour wafer-thin slices of *carpaccio* as well as Carpaccio's enchanting canvases in the Scuola di Sant' Orsola?

Every trip to Italy is an assault on the senses. Our plan was concocted around a desire to see three not-to-be-missed exhibitions, and as many friends as could be found at home. From the first, in Siena, the joys of paint, pasta and *panforte* began to merge. Domenicho Beccafumi, the city's greatest 16th century artist and the reason for our visit, exults in just about the most delicious-sounding name of any Italian artist. Moreover, the blond tonalities of his frescoed ceilings are pure confections of sherbert and cassatta colours.

For most people, Siena is the city of the Palio, the pink-brick Campo and *trecento* painting – even if academic spoilsports argue that Guidoriccio da Folignano and his splendidly caparisoned steed are *not* by Simone Martini. The fillip of the Beccafumi festivities was the way it shifted my focus on the town by 200 years.

Following the Beccafumi trail to the interiors he decorated, I found myself in never-visited backstreets, in the intimate *salone* of a private *palazzo* one minute and in an old-people's home the next. We looked at frescoes in the municipal hospital in the company of the elderly, shuffling along the corridors with bandages around their heads, and a grisaille St Christopher at the end of a corridor seething with schoolgirls.

Perhaps best of all was visiting the show organiser's office in the 15th century fortress of the Monte dei Paschi. Can any other bank HQ compete with its grandly austere interiors, its art collection and the thrill of looking up into its stair-clad tower?

The exhibition proper was staged in the deconsecrated church of Sant' Agostino. The swish group of Americans in front of us at the entrance seemed unaware of that. They were as immaculately besuited, behatted and bejewelled as if attending a wedding at the wrong church.

We were contemplating the first picture in the time it took these latter-day Grand Tourists to saunter across to one or two panels, buy a few postcards and the £85, 8lb catalogue – and leave. Why did they bother? A venerable American museum curator – and he should know – assured me over lunch that the attention span of the very rich diminished as their fortunes rose.

It seems reasonable to confine oneself to eating in only two places in Siena: in Il Mangia, in the Campo, where the food is good and the panorama sensational, or in the Mugolone, where the food is sensational and the interior looks like every other respectable restaurant in Italy.

Dazzling overhead light, white table cloths, dark furniture and bad art seem universal accoutrements to eating in Italy, even in Bologna. Ensconced in Bologna's Ristorante Diana, we came to the conclusion that Italians expected – and received – good food and did not need to be fobbed off by decorative distractions.

If "character" is preferable, there is always the Osteria dei Poeti, the brick-vaulted former kitchens of a *palazzo*, and a hostelry since around 1600, though the same venerable American might add that the deliciousness of the dinner *diminishes as the ambiente* improves.

Bologna is unduly neglected by the English, although the art and architecture of this handsome city are certainly as good as its vaunted food. The Pinacoteca offers you a ravishing Raphael and Parmigianino, the Bolognese masters Guido and Guercino, and one of the most powerful and extraordinary works of art of the Renaissance – the lifesize, expressionistic group of terracotta figures of Niccolò dell'Arca's *Lamentation Over the Dead Christ*. Temporarily, it also honours the last great Bolognese master, Giuseppe Maria Crespi, whose *trompe l'oeil* bookcases in the Bibliografico Musicale are well worth a detour.


As the postcards never fail to remind you, Bologna is famous for *Torre*, *Tortellini* and *Tette*. I am not in the position to comment on the last, but the city's towers are wonders of the world, built at a time when plague rather than nuclear war threatened civilisation and refuges were built high above the ground rather than far below it. Old engravings show Bologna to have been a medieval Manhattan, and gaunt straight-sided towers still dominate the skyline, sprouting towards the sun at rakish angles. Dante compared them with giants.

Bologna's other great architectural distinction is its network of arcades. Hardly ever does one walk beneath the skies in this urban Arcadia; monumental stone-vaulted passageways line the streets depriving pedestrians of rain and of sun. Long deprived, too, of a sight of Giambologna's great bronze *Neptune*, we found we had arrived on the day the restored fountain was revealed to the world.

Since early last summer, Venice has been invaded every weekend by busloads of visitors from eastern Europe. One weekend in June drew 1,200 buses. Can the city stand such invasions? Fortunately, we arrived on a Monday, the first day of the last week of the great Titian *tour de force* at the Palazzo Ducale; even so, I have still never seen so many tourists.

The day dissolved rapt in Titian's overwhelming presence. There was little time to do much else but blink in the hazy sunshine, savour a perfect San Piero in the arbour of the Corte Sconta, and make an elegiac pilgrimage to the cavernous Frari to pay homage to Bellini, Titian and Canova. And lament leaving a country where great art, ennobling architecture and good food are pleasures of everyday life – not something separate, to be visited in museums and enjoyed on holidays.

● Susan Moore travelled with Citalia, which offers two and three-city holidays in Italy, and can arrange individual itineraries.

The main Citalia brochure also covers beach, island and mountain holidays, touring, cruising, villas, rail (the Citalian Express) and travel via the Venice Simplon-Orient Express and Concorde. Telephone: 081-686-5533.

IF THE holiday postcards you send back from Italy feature the Madonna and Child by Fra Angelico rather than the beach at Rimini, you are ready to make the leap and see the country as a vivacious museum rather than somewhere to relax and brown, writes Antony Thorncroft. So why not place yourself in the hands of a heritage tour company, which will provide an urbane lecturer to mix culture with the Campari and guide you to where the art is.

I joined Fine Art Tours halfway through a 10-day sweep of Umbria. It was new territory for the company, which cut its teeth on more obvious locations: Venice, Siena, Rome. But Umbria is crying out to be popularised. Just down the road to the south from the Tuscan villas of the English, it offers virtually untouched hill towns holding sway over uncluttered countryside – places which peaked in the late Middle Ages when their nobles combined grandiose building with blood-letting on an equally monumental scale, and then settled down for picturesque decline.

Based in Perugia, the Art Tours coach set out daily to infiltrate an 18th century villa, or a 14th century castello. Its boast is that through its contacts it can open doors that have been resolutely barred to the public. Rich Italians have traditionally hidden away their treasures (it's best that the government should not know about them), although thieves run free through these remote hill-top residences.

Take, for example, the Castello Sorbello, home to the family for eight centuries. The castle has only been perfunctorily adapted to modern living. It still retains its dungeons, deprived of light and any sense of hope. There is a baroque chapel where the family have married for countless generations, and a grand staircase, installed in the 15th century but still lit with candles.

Three brothers have artlessly split the castle into appartments, but fortunately there has been no money for centuries to buy new furnishings, and last winter thieves removed the main surviving pictures. The Marquesa was an indulgent guide, greeting her first friendly invaders for centuries with home-made wine, bread and salami.

It is the informality of such visits which provides their charm. Sometimes the informality amounts to chaos. The next stop was the Castello Civitella Ranieri. The occupant, unused to coach tours, had totally forgotten the visit and gone away for the day, leaving a suspicious house guest to shadow the group around as it admired the 18th century furniture acquired during the most recent re-furbishing.

Some owners are more forthcoming. At a classical villa close to Perugia, which had been built and furnished in the early 18th century and hardly touched since, the owner, a descendant of Dante, was keen to convert his prosperous, respectable visitors into paying guests. He found a receptive audience; holidaying in a villa surrounded by potted lemon trees in a setting straight from *The Marriage of Figaro*, at £400 for a suite for a week, had its appeal.

When it was not a home it was a town. I retain snap impressions of Cortona, strangely Alpine and austere on its precipice, but with a mouth-watering Fra Angelico tucked away; of Citta della Pieve, built of distinctive red brick and home to a large translucent *Adoration of the Kings* by the town's most famous son, Perugino; of Todi, a 14th century stage set for *Romeo and Juliet*, enclosed and commune-like, still seething intrigue, and of Orvieto, with its picture book of a cathedral telling the Biblical message through sculptures and paintings and manifesting how interchangeble Heaven and earth were to medieval artists.

Most ethereal of all is Panicale, a tiny remote town where you can wander through squares as through a time tunnel, drawing you back to the 12th century. Down an obscure lane there is a chapel furnished with a good Perugino, hinting at the town's former glory, but now the only inhabitants seem to be kittens curled up in flower pots. Whatever the cultural imperative, a long lunch provided a focus to the day.

Perugia itself has shaken off the past, almost too successfully for some, with its extended suburbs and urban chic. But the heart of the town, at the summit of the curling road, offers one of the best and longest pedestrianised *passagio* in Italy.

You can join the crowds for the evening stroll past the cafés, starting at the 19th century Piazza di Italia, an expression of republican pride but built on top of the medieval and Roman cities which can still be visited in an eerie sepulchre, and continue down to the cathedral and the town hall, which out-stare each other just as church and commune battled for prominence in the 15th century. Perugia was important to the Popes, so its ecclesiastical buildings range from tiny pilgrim churches to heavily garnished 17th century monasteries.

The lecturers pitch their descriptions at the interested amateur, and respond to questions rather than demand attention. Your fellow guests, paying £2,000 for the 10-day trip, tend to be comfortably retired, with a sprinkling of the art world. The great majority are firm followers of Fine Art Tours, which concentrates on a handful of expeditions each year, mainly to Italy but adding the Scottish Borders in this year and, in 1991, Andalusia.

Its biggest rivals are probably the tours organised by the National Art Collections Fund and by tour company Serenissima. For anyone who wants mental, but gentle, stimulation while taking in the sun, these holidays are an attractive proposition.



## TRAVEL BUSINESS

THE RISE in aviation fuel prices as a result of the Gulf crisis has started to pump up the cost of travel both for business and leisure. This week British Airways said it was raising prices by 5 per cent on domestic routes, with increases due later on international flights.

This comes after several tour operators have alarmed the travel trade by increasing their prices without following the usual path of printing new brochures first. Owners Abroad, the third largest tour company, which operates under brand names such as Falcon, Enterprise, and Sovereign Holidays, last week told travel agents that prices were going up by about 2½ per cent on average for unsold winter holidays. Other tour companies, including Cosmos and Magic of Italy, did the same.

What has annoyed travel agents is that the price rises came unexpectedly. The first many agents knew about the increases was when they appeared on their viewdata screens, through which the bulk of holiday bookings are made.

This so incensed the 330-strong Pickfords Travel chain that it has decided not to display offending brochures until special notices are added. "We believe it contravenes consumer protection laws to display brochures showing one price and then have to sell the holiday at the price offered on our screens," says Bryn Jones, Pickford's operations director.

Not surprisingly, Owners Abroad disagrees. John Boyle, chairman of its tour operating division, points out that his companies are not surcharging anybody. "We are simply having to charge our new customers more to reflect changing circumstances."

Rivals Thomson Holidays and Intasun are sitting tight and sticking to existing brochure prices for this winter, although Intasun has already indicated that prices may be increased for next summer's holidays when it re-prints its brochures after Christmas.

The pressure on tour operators' costs as a result of the Gulf crisis suggests that more price rises are in the pipeline, making sense for those holidaymakers planning a winter holiday to book sooner rather than later. Some customers seem to have got the message, since travel agents report that winter holiday bookings have picked up over the past week in spite of some operators' price increases.

* * *

From next spring, travellers to Japan will be greeted by the familiar Thomas Cook logo in more than 50 department stores operated by the Japanese Saison leisure conglomerate. This week Thomas Cook announced a joint venture with Saison to expand its travel agency operations into Japan as part of itsplans to establish a world network of offices.

Thomas Cook's chief executive, Peter Middleton, now intends to turn his attention to strengthening the company's presence in continental Europe following the end of its long-standing trading pact with Wagon Lit last year. Thomas Cook has already doubled to 30 its *bureaux de change* outlets on the continent over the past six months.

* * *

The National Trust for Scotland is celebrating its diamond jubilee with a special cruise around the remote offshore islands in its care. Some 400 passengers will be offered the chance to visit places like the Isle of Mull or Stornoway in the Outer Hebrides, as well as cruising among the Norwegian fjords. Prices for the two-week cruise start at £895. Details: tel: 031-226-5922.

**David Churchill**

# Saintes and despots: on the trail of Tiberius

***Gillian James brushes up her history in a lively French town***

PINKISH tiled rooftops rise in tiers from the Charente river. There is a solid, timeless feel about the day. In the market place piles of melons, aubergines and tomatoes are among the cornucopia of fruit and vegetables changing hands.

The light and colour are striking: the green river, the luminosity of ancient buildings, the press of people. Saintes has all the appearances of a big and prosperous town; indeed, it is the capital of the Saintonge region of France, though it has only 28,400 inhabitants, about the same as Andover, in Hampshire. But what comparable British town would manage to sustain 30 restaurants – three of them in *Red Michelin* – two three-star hotels and a highly-rated logis?

Part of Saintes' sense of solidity and well-being stems from a history that goes back 20 centuries. Caesar made *Mediolanum Santonum* a flourishing capital, and an idea of its scale and importance can be gained from the remains of that time: the Arch of Germanicus; the amphitheatre; the baths and the varied collection in the archaeological museum.

The triumphal arch of Germanicus is *the* place to start one's sightseeing. Curiously sited – it was moved stone by stone to its present spot on the riverbank at the behest of the novelist Proper Merrimée in the last century – it retains a dignity and proportion that has stood the test of time. You can still read the carved dedications to the Emperor Tiberius, to Germanicus and Drusus.

It is a good spot to ponder *the awful Tiberius and all his* works. It was Tiberius who poisoned Germanicus because he was jealous of his success as a soldier. Tiberius was cruel to his wife, hated by his people, murdered many of his senators and was ungrateful to his mother, Livia, who put him in the purple in the first place. Eventually he retired to a life of unnatural vices and enormous indulgencies.

When you have had enough of Tiberius you can pop into the *Museé Archéologique*, which is alongside the arch on the esplanade André Malraux, and wander around a small forest of columns, cornices and friezes, mostly remains from the town's ramparts.

Afterwards it is nice to take the footbridge over the river to the market and the 15th century St Pierre Cathedral. The morning that I chose to visit, farmers had blockaded the square and were demonstrating in French fashion – garrulously and with fireworks – over EC farm prices. When the church clock sounded 1pm there was a slow exodus of tractors through the town centre. Presumably, they were off home for lunch. *Plus ça change*...

In the cathedral there is a small collection of relics and other church loot and a massive 350-year-old organ. More interesting, to my mind, is the church of St Eutrope, 10 minutes' walk away, with a really creepy crypt. Built in the 11th century on the pilgrimage routes to Santiago de Compostela – isn't everywhere? – the church is a strange mix of the Gothic and Romanesque.

After St Eutrope, you can see again the glory that was Rome by heading towards the *Arènes Gallo-Romaines*, a magnificent amphitheatre in the process of restoration. Set in a natural depression, it could hold at least 20,000 spectators in an area 209 ft by 128 ft. The urge to stand in the centre and raise an arm in tribute – to Germanicus, not Tiberius – proved irresistible.

For a complete change of architecture, switch back to the eastern side of the river and the *Abbaye aux Dames* – once, in pre-revolutionary days, a sort of conventual Cheltenham Ladies College. Now its abbey church and dignified monastic buildings, surrounding a vast square, have been cleaned, sand-blasted and reconstructed into a cultural centre, complete with exhibition galleries, Institute of Ancient Music and a style of presentation that has turned even the abbey church into a museum. It has been well done. The dingy clutter of the impoverished parish church of St Pallais just outside the convent makes a persuasive contrast.

I was not completely persuaded.

Information:
Guidebooks: *Let's Go: the Budget Guide to France*. By Harvard Student Agencies, Harrap, £9.95; green and red *Michelin*.

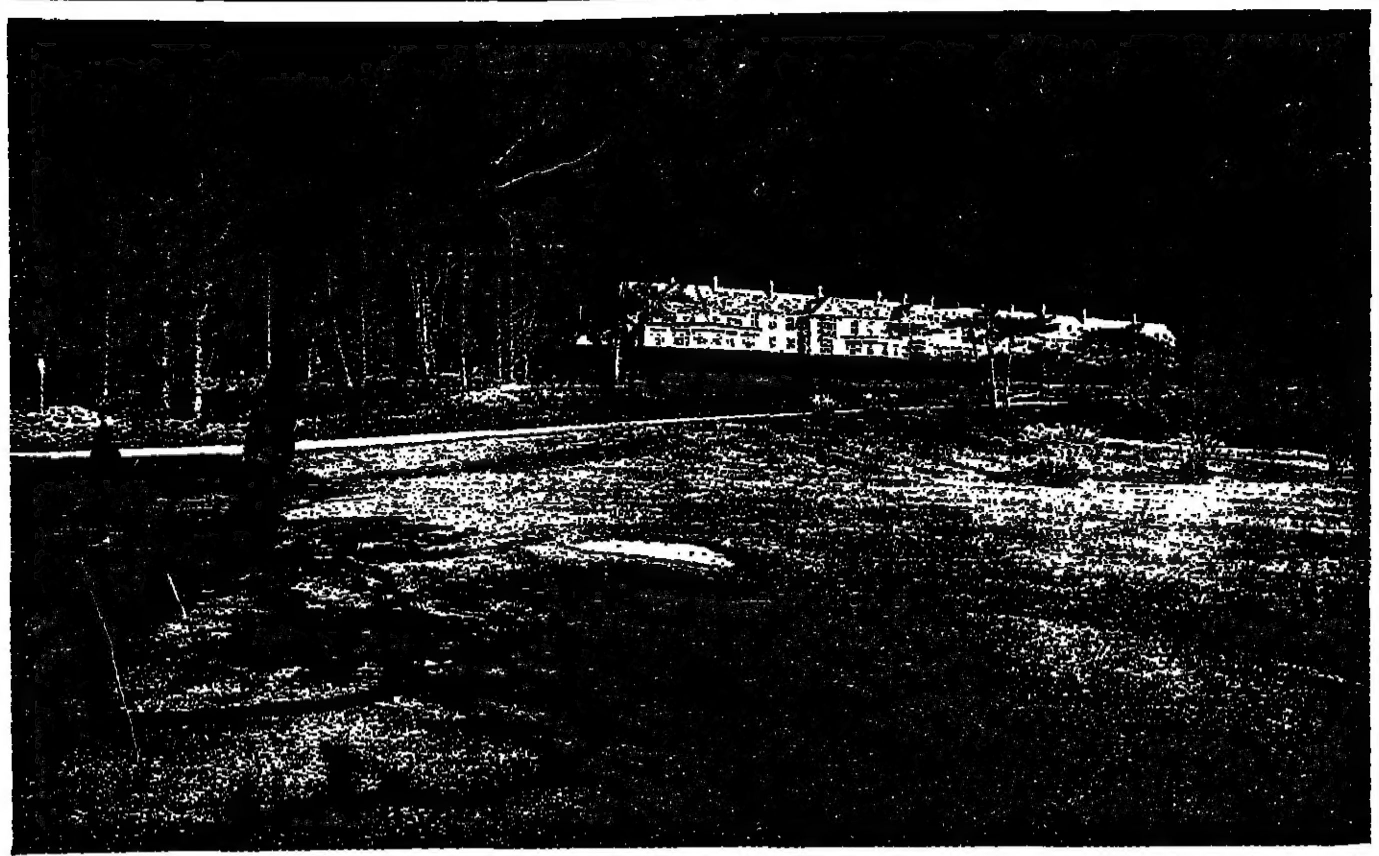
Tourist office: Villa Muso, 62 cours National, tel: 46 74 23 82.

Getting there: By road: ferry to St Malo and main N roads via Rennes and Nantes, taking the N150 after Niort.

By rail: Saintes is on the main line about half-way between Bordeaux and La Rochelle. The railway station is 15 minutes' walk from the centre in the Avenue de la Marne. By air: Bordeaux is the nearest main airport.

# Golf Holidays

TRAVEL



Turnberry Hotel, on the Ayrshire coast, Scotland: the world's first golf resort-hotel is now Japanese-owned and spending mightily to cash in on a golf boom that shows no signs of faltering

## Big business and the greening of the world

*The golf industry has never had it so good. Players can now swing a club almost anywhere in the world, reports **Michael Thompson-Noel***

BY THE FIRST quarter of the 21st century, *everyone* will play golf; most of the northern hemisphere will be carpeted in golf courses, and the southern hemisphere will be catching up fast; virtually all corporations, large and small, will own shares in golf ranches where their employees will enjoy (compulsory) holidays and tuition.

Or so it sometimes seems.

Sport is now a major international business. Of all the sports, few have grown quite as furiously as golf, or generated as much spending, or attracted such keen attention from sponsors and investors.

A lot of money has been spent on new golf courses; a lot more has been used to build or renovate hotels so as to capture part of the booming business in golf holidays. These days, you can holiday virtually anywhere you like – central and southern Africa, the lowlands and highlands of Asia, islands in the Pacific, the wilder reaches of Australia and New Zealand, remote parts of South America or virtually any square mile of North America – in the certain knowledge that there will be a golf course, a pro shop, a caddie and a box of balls all ready and waiting.

You can travel thousands of miles – or merely to Scotland. For example, Ayrshire's famed Turnberry Hotel and golf courses (Ailsa and Arran – the Ailsa is one of the host courses of the Open championship), comprise what its management calls the world's first golf resort-hotel. It dates from 1899, when the Marquess of Ailsa built two golf courses on his Culzean estate and persuaded the Glasgow and South West Railway Company to extend the line from Ayr to Girvan and build a station and hotel on his land.

Turnberry was opened in 1906, and just look at it now – Japanese-owned, and managed by Orient-Express Hotels, which means it is run in exemplary fashion. Its owners spent £10m upgrading and refurbishing the hotel to the point where it currently holds the title of "RAC 5-Star Hotel of the Year" (the first hotel outside London to do so). They are now spending £6m on a country club and spa, which will form an extension to the 115-bedroom hotel and should be ready late next year. And they will spend £4m on a new clubhouse, which is expected to open in 1994.

"The key selling point at Turnberry," says sales director Keith Allison, "is that the golf courses are for the residents, who have absolute priority." At present, a little over 30 per cent of visitors are Americans (the figure is declining) and 60 per cent Britons. "Small corporate groups can fly from Heathrow to Glasgow," says Allison, "then helicopter down to Turnberry and land on our lawn."

Wherever you are in the world, golf pro's will tell you that their course offers round-the-year golfing. So it is at Turnberry, where resident pro Bob Jamieson told me that if they lost five days a year to bad weather they were unlucky, and that he had seen less than a dozen days' snow in 29 years.

I am a fairweather bird myself, but just for the record Turnberry is offering festive four-night New Year packages (December 29-January 2) that include accommodation, three meals, presents, horse riding, shooting and golf at £655 per person, based on two people sharing a room.

Another splendid place to stay and play golf in Scotland is Gleneagles in Perthshire, open all year, Guinness-owned and fully restored (says Guinness) to its "original, opulent, Edwardian magnificence." Gleneagles is home to the annual Bell's Scottish Open.

The sums speak for themselves. More than £11m was spent in 1982-86 on renovation and restoration; £3m was spent on the Gleneagles Mark Phillips equestrian centre which opened in 1988; last year, a further £4m was spent on the hotel; and at the start of this year a £1.4m extension to the Gleneagles country club saw the opening of a health and beauty spa.

A new championship golf course and clubhouse are being built at a cost of more than £8m and are due to be ready for opening in 1992. The new course will replace two of the existing four courses, and will complement the King's and Queen's courses to form what Guinness claims will be one of the world's finest golfing venues. They could well be right. Golfing breaks at Gleneagles (two nights, dinner, bed, breakfast and two rounds of golf), currently cost £262 per person; from May 1-October 31 next year the price will be £299.

A UK company that has extensive experience of golf and hotel management is Country Club Hotels, part of Whitbread, which runs eight hotels-cum-country-clubs with golf facilities, and two without. The former include Tudor Park Hotel, near Maidstone; St Pierre Hotel, near Chepstow; Forest of Arden Hotel, near Coventry, and Dalmahoy Hotel, near Edinburgh.

Its current Golf Saver prices (November-February, two nights, dinner, breakfast and a round of golf per night's stay) are £100 to £120 per person, extra nights £50 to £60, single supplement £15 per night. Because much of its business is corporate, Country Club Hotels offers very competitive seven-day holiday rates in June, July and August: this year, £55 per person per night (minimum seven nights), whether you were staying at one hotel or touring around.

A company that says it wants to help steer golfers to *empty* courses is Abercrombie & Kent, which is no wilting violet when it comes to pioneering new markets and ideas. What you need is A&K's *Sport & Adventure* brochure, which advises you to escape the crowded courses of Europe and "play millionaires' golf on empty, sun-drenched courses at less than millionaire prices."

Places covered include Morocco, Kenya, Zimbabwe, India, Thailand and Malaysia. Other sporty A&K holidays include skiing, diving, riding, rafting, climbing, trekking and skidooing. (I do not know what that is, and do not wish to know, but you can do it in Spitzbergen – possibly elsewhere).

A&K's golf prices include £594 per person for eight days in Morocco, including air fares, accommodation, car hire and some green fees; and £2,500 per person (based on a group of four) for 13 days in Zimbabwe, including seven days' golf, a trip to the Victoria Falls and several days in a safari camp.

There are plenty of other golf brochures. For example, Longshot Golf Holidays, part of Meon, has a fat programme with prices as low as £175 per person in a party of four for seven nights' self-catering at Aldeia do Golf on the Algarve, inclusive of accommodation (shared twin room), flights, car hire and discounted golf.

Its current brochure runs to October 31 1991. New locations include Oporto in northern Portugal, Co. Clare and Co. Kerry in Ireland, as well as Bordeaux, the western Loire and Biarritz. Longshot says the resorts in France and Ireland have been included to cater especially to the increased demand for short golfing breaks. In many resorts, tee-off times are pre-booked by Longshot, and golf is either included in the overall price or discounted green fees are offered.

Another useful brochure is that of Sovereign Golf. Like some of its rivals, it offers a range of coaching courses in different spots diverse enough to appeal to all types, from novice to scratch player. Sovereign features 34 hotels in nine destinations, plus weekend breaks in Spain, Portugal and France from £169, including car hire and two rounds of golf.

*'In England, new golf facilities are springing up by the hour'*

There are group discounts of up to three free places for groups of 31 or more.

The company that claims to be the UK's longest-standing and most experienced golf operator is Eurogolf, which has been in business for 18 years and says it has always aimed at the five-star end of the market. It has an extremely full programme of holidays in Portugal, from weekends to seven-night packages, aimed particularly at groups and golfing societies; an *A La Carte* brochure to northern and southern France, the Spanish islands, Costa del Sol, North Africa, Florida, South Carolina and the Caribbean; and special programmes to France and Ireland.

In England, meantime, new golf facilities are springing up by the hour. One that has made a lot of noise recently is the £25m Hanbury Manor Golf & Country Club at Thundridge, near Ware, Hertfordshire, within easy reach of London. The second nine holes of its Jack Nicklaus II-designed course are expected to be ready next summer.

In addition to golf, Hanbury Manor offers tennis, croquet, a fitness centre, indoor swimming pool, whirlpool, gym and beauty treatments. Rates range from £130 per night (double room) to £300 (king suite). Special golf, beauty and honeymoon breaks are available.

In the 21st century, people will check into places like Hanbury Manor – and never check out.

■ Michael Thomspon-Noel flew to Scotland with British Midland Airways, which offers plenty of flights to Glasgow and Edinburgh. Return leisure fares (Heathrow-Edinburgh and Heathrow-Glasgow) range from £86 to £134. Reservations (Heathrow): tel: 071-589-5599.

■ Turnberry Hotel: 0655-31000; Orient-Express Hotels: 071-834-8122; Gleneagles Hotel: 0764-62231; Country Club Hotels: 0272-394000; Abercrombie & Kent Travel: 071-730-9600; Longshot Golf Holidays: 0730-68621; Sovereign Golf: 0293-514742; Eurogolf: 0727-42256; Hanbury Manor: 0920-487722.

TRAVEL – GOLF HOLIDAYS

# Where coots dabble in the water hazards

***Richard Gourlay** finds the 18th and 19th holes at San Lorenzo a perfect place to escape the over-developed parts of the Algarve*

YOU MAY think you have done it all in golf if you clear the 50-foot bunker from the fourth tee at Royal St George's in Sandwich, in southern England, and maintain a semblance of composure on the blind hole that follows.

But consider the Algarve, Portugal's southern coast. Courses elsewhere in the world are certainly more taxing than the Algarve's, but recommendations on a postcard please for any combination of holes more likely to leave a glow of profound well-being than the 18th and 19th at San Lorenzo.

The 18th crosses water where grebes and coots dabble among rushes, inured to the occasional splosh of wayward balls. Golfers who reach dry land have a 160-yard approach to a green that rises like a mushroom from the lake.

Then there is the 19th – lunch at Gigi's restaurant perched on sand dunes above the Ria Formosa bird sanctuary beside which the golf course respectfully winds.

There could not be a better way to cap a round on what may now be the best course in the Algarve than clams, grilled prawns and chilled *Bacalhoa*, overlooking the tranquility of an estuary at low tide. Actually, Gigi's has nothing to do with the San Lorenzo clubhouse, but how infuriating if you discovered such a watering hole the day before you left.

A golf-based holiday in the Algarve is bound to be a compromise. If you were seeking pure golf you would probably be heading for Scotland or *Florida*; for beaches, you would be going to Bali, and for Moorish influence in southern *Europe you would head for the* Alhambra. But with care, golfer and non-golfer can pluck pieces of all these from the Algarve.

Here are some time and tension-saving tips:

Arrive by night so that your eyes are spared the developers' ravages *en route* from Faro airport – you will see quite enough when you stray from your hotel or apartment.

Carry your clubs as hand luggage, if at all possible. It is not only Monarch Airline that leaves your niblicks at Gatwich, as it did mine.

Stay, as I did, at the tranquil Quinta do Lago Hotel, where service and cuisine are excellent and to hand when you want them, and not when you don't, as you would expect from a first-class hotel.

Pay to play the San Lorenzo course which belongs to the older but more ordinary Hotel Dona Filipa. This establishment maintains a silly incivility towards residents of the Hotel Quinta do Lago, so book in person rather than through the hotel.

Watch the birds, watch the sunsets from the sand dunes, do not wander and you will not go wrong.

Of course, that too infrequently tamed instinct to be "a good tourist" is likely to drive you from your hotel, and that is where trouble can start. The problem is that after Portugal's revolution in 1974, the Algarve became a developer's paradise which turned much of its beautiful 100-mile-long coastline into an eyesore.

Unplanned building coupled with mass tourism, mainly from Britain, threw up grotesque holiday villages which, leaving aside subjective judgments of their cascading concrete architecture, have little soul.

While the Portuguese tourist board is confident that a law just passed in Lisbon will check this development, there is probably too much new money and too many new people for most of the Algarve to recover from the onslaught.

That said, developments like Quinta do Lago and Vale do Lobo are pleasant enough with their villas, country clubs and manicured lawns, carefully watered at night and sporting satellite dishes to beam in the *Nine O'Clock News*. Each contains at least one golf course neatly laid out like a string of sausages to allow later development of villas that can each back on to greens and fairways.

For golfers who like the lie of the land as much as the lie of their balls, this is the overpowering drawback of golf in Portugal. With notable exceptions like San Lorenzo and the stately old lady at Penina, golf courses are either closed in by Mediterranean stucco and swimming pools, or are going to be.

Around Penina, which Henry Cotton designed for the first British expatriates, there are fewer villas but they are more grandiose as befits a time when serious money was really serious.

As for the Quinta do Lago course, where the Portuguese Open was held last week, it was a shame that the day I played, the club had triple-booked my start time, had allowed an unacceptable growth of crabgrass on its fairways and had poorly dressed a third of its greens.

Where does one go for a real feel of Portugal? Answer: inland, in a rented car which you drive without a map until you stumble on a hillside church and shaded square – it could be in Loulé, Salir, Alte, Querenca. At dusk you will join the old men gathering with the starlings to take part in the timeless ritual of sitting on benches watching people sitting on benches watching people sitting . . .

You will wind through a rolling vista of almond groves and "cork" trees and pass crumbling houses whose sides are likely to sport ceramic signposts pointing to Lisbon rather than billboards for family-fun-water-chutes that you cannot avoid on the coast.

Alternatively, you can head east to the Moorish town of Tavira, or to the scruffy fishing villages of Olhao and Fuseta where sacks of clams share the pavements with café tables. And with a little notice you can visit the Quinta de Marin park where they still breed Algarvian fishing dogs, the web-footed creatures which once helped fishermen find shoals of fish. The lovely park also houses a bird hospital where sick eagle owls and buzzards are healed before returning to the wild.

Like the Ria Formosa estuary, this park is one of the Algarve's greatest and, thankfully, least-developed assets. After a few trips to the hills to appease your conscience, you will gratefully settle down to a ritual of hotel cocktails, watching the Ria Formosa's subtlely-changing hues at dusk.

■ **Richard Gourlay was a guest of Orient-Express Hotels at the Hotel Quinta do Lago.**

# An island with so many holes it might sink

DO NOT QUOTE me, writes Michael Thompson-Noel, but Bermuda must be one of the best places in the world to play golf – 600 miles east of North Carolina, 1,000 miles north of the Caribbean, easily accessible from Europe or North America, semi-tropical, well-heeled (Bermudians are said to have the world's highest living standards), civilised (there is said to be no illiteracy or unemployment on the island, and certainly no income tax), long accustomed to handling tourists – and quiet (cars are restricted, and the speed limit 20mph). It is also a good place for shopping and has a wide choice of accommodation (large and small hotels, cottages, apartments, guest houses – 10,000 beds in all).

As for golf facilities, few places as small as Bermuda (21 square miles) can boast what Bermuda has – seven 18-hole courses and one nine-hole course. The courses are good-to-excellent and the scenery often spectacular. There are rarely any golf queues, and reasonable green fees, claims Bermuda Tourism, mean that Bermuda "compares favourably with the ever-increasing cost of playing golf in southern Spain or Portugal."

Because the temperature rarely falls below 65 degrees F, or rises above 90, the tourist people promote Bermuda as ideal for golf 352 days a year. On the other hand, winter can certainly be wet and squally, which is why you might want to avoid January and February.

Two of the eight courses are private – the famed Mid Ocean Club in Tucker's Town (par 71, 6,547 yards) and Riddell's Bay Golf and Country Club in Warwick (par 69, 5,588 yards). If you cannot get a member to introduce you, your hotel may well be able to get you in.

The two best-known courses after Mid Ocean are Belmont Golf & Country Club (par 70, 5,745 yards) and Castle Harbour Golf Club (par 71, 6,440 yards). The former is part of a 110-acre estate that includes the dour Belmont Hotel, run by Trusthouse Forte, while the Castle Harbour course is part of "Marriott's Castle Harbour Resort." In each case you may want to play the course but avoid the hotel.

The same applies to the Princess Golf Club in Southampton (par 54, 2,684 yards), whose course was described by *Golf Digest* in 1986 as "the world's most scenic and challenging executive par-three golf course," and is said to call for skilful iron work and a fine putting touch, boasting "elevated tees, rolling fairways, deceptive distances and strategically-placed traps." Average playing time: 2¾ hours.

All rather jolly. But – again – you might not want to stay there. Recently, I lodged at its sister establishment, the Hamilton Princess, and found it impersonal and tacky: a criticism that can be made of 95 per cent of all North American hotels (or those run to North American standards), which lag so badly behind hotels in Europe and elsewhere.

A course you would undoubtedly enjoy is the excellent Port Royal (par 71, 6,425 yards), designed by Robert Trent Jones and owned and operated by the Bermuda government. Bermuda's other two golf courses are also government-owned and run: St George's Golf Club (par 64, 4,502 yards) and the nine-hole Ocean View Golf & Country Club (par 35, 2,956 yards).

Because no car hire is available in Bermuda, you will have to rely on taxis or hotel shuttles. So where should you stay? Fortunately, the tourism people produce an excellent brochure, *Where To Stay*, and a *Golfer's Guide*, which gives full details of the courses and their green fees. The *Where To Stay* brochure includes a map.

Having decided which courses you are likely to want to play, you can tackle the trickier matter of where to stay.

I would avoid the big hotels. Concentrate on the smaller ones. If you like resort hotels, and plenty of noisy fun, with hairy-chested medallion men cluttering up the view, you might like Sonesta Beach Hotel; if not, not.

The best of the smaller hotels would certainly include Horizons, in Paget, virtually at Bermuda's mid-point, which is a Relais & Chateaux member and has great charm (25 acres, suites, cottages, swimming pool, three tennis courts, a nine-hole 'mashie' golf course and an 18-hole putting green, etc). Summer rates this year ranged from about \$250 to \$350 per couple per day, including breakfast and dinner; but there are winter rates as well.

Two related establishments are Waterloo House, in Hamilton, and Newstead, in Paget. Newstead is an elegant manor overlooking Hamilton harbour. Apart from the fact that it does not accept credit cards (how extremely tiresome, in this day and age), Newstead rates very highly in my book, especially at rates (again: double occupancy, breakfast and dinner) of \$196-\$298 per day – extremely good value.

Another small hotel I was attracted to was Lantana Colony Club, set in very lush grounds and exuding enormous class. Also worth considering: Pompano Beach Club and The Reefs.

■ **Bermuda Tourism's European office is at 1 Battersea Church Rd, London SW11 3LY, tele: 071-734-8813. In Bermuda, greens are usually reseeded during late September-early November (Castle Harbour: early January). It is worth checking to determine specific conditions at the courses you want to play.**

■ *Michael Thompson-Noel travelled to Bermuda c/o British Airways.*

SPORT

Sponsorship/**Keith Wheatley**

# A tougher run for their money

ONE OR two recent straws in the wind suggest that high-level sport – which has come to rely heavily on sponsorship – might have trouble paying its bills during the recession. In spite of its "classic" status, the St Leger horserace could not find a sponsor and ran nameless in September. So, too, did the Suffolk Stakes at Goodwood in July. Yet until recently, racing had little trouble finding backers for races – the Ever Ready Derby being the apogee of the process.

In golf, too, there are small signs of sponsor disillusionment with huge tournament costs and players who want a private bag of gold every time they pick up a nine-iron. Suntory has quit the world matchplay championship after 12 years. IMG, the sports promoter, has offered a £5m, three-year deal all around the corporate world, but there have been no takers.

"Golf is becoming more congested and expensive from the client's point of view," says Mark Jeffrey, a sponsorship consultant who has worked on everything from Cornhill Test cricket to the America's Cup. "But the bottom line is that 3m people play golf in Europe and by 2000 it is going to be 10m."

A recent (highly technical) article in an American journal suggested that golf was becoming vastly overpriced as a sponsorship commodity when measured in terms of TV viewers.

"That may be true," concedes Ted Palmer, a director of the leading CPMA brokerage, commercial advisers to the 1991 rugby world cup. "But in terms of imagery and entertainment opportunities, golf still stacks up very well."

Brough Scott, the face of racing on Channel Four, believes that the apparent plethora of big-name, big-money races is misleading. "Breeders and owners are winning their own money," Scott says, referring to the level of race-entry fees.

"Incestuous sponsorship is growing in racing. It looks like outside funding but it comes from companies under the control of the big players. It is rather like Manchester United sponsoring the Cup Final."

However, one pattern consistently repeated is that while pickings are thin for fledgling and middle-level events, the value of the "landmark" events has risen sharply. While there are 58 British companies with sponsorship contracts worth more than £1m, there are probably only a dozen individual events worth that much. And they are going to cost more.

"Rates are jumping 40 to 50 per cent for the gems, because there are so few gems," says Jeffrey. According to Palmer, when times are hard, would-be backers get much more selective. "The great events are few and far between, and everyone wants to be in them." Previous growth areas like arts and culture are going to find it much harder to find corporate support in the '90's.

"At the end of the day you can't put your name on Hamlet's back. In times of recession, sport is the only area that will attract real spending rather than just conscience-money," said one consultant with experience of both sectors.

A prime example is the forthcoming rugby world cup, a virtually new event but already able to attract major support. With a huge world-wide audience and a superb image, the event will generate fortunes for rugby. CPMA expects to announce £6m worth of corporate sponsorship before Christmas.

"We are allowing eight sponsors – from different business areas – at £1.25m each. Heinz are the first but there are numerous others close to announcing their involvement," said Palmer. "The momentum is irresistible, because it will be one of the great events in the world."

Jeffrey is involved in trying to sign sponsors for what could become such a "blue-chip" event – the world yachting grand prix. The greatest sailors in the world are to take part in a five-event circuit that begins in Glasgow next summer. "The only way for a sponsor to pick up a 'gem' cheap is to be far-sighted and come in with something like this when it's new," said Jeffrey.

Of course, the problem he faces is that big corporations hate to take risks on brand new products outside their control. Senior management heads roll when the company name is plastered all over an obvious debacle. Still, most people in insurance thought that Cornhill – then a minnow – was crazy to get involved with cricket.

Every sponsor's dream is a truly international event where the company name and the competition are synonyms. One of the very few examples is sailing's Whitbread round the world race, universally known as the Whitbread.

"It has taken 17 years, five races and millions of pounds for us to reach the point where we have this superb vehicle," said Paul Vaughan, sponsorship director for Whitbread. Even so, its value might not be transferable value. "It would be extremely difficult for someone else to come in and call it the XYZ race."

In the dizzy world of sports sponsorship, nothing is perfect. Whitbread has become a household word in many countries where the brewery has no brand of that name. When the race called in to Australia last winter, a Perth publican offered brewery executive David Pritchard-Barratt a Whitbread pale ale. He accepted bravely - knowing that the bottle placed in front of him must have been exported Down Under at least a decade previously.

Football/**Tim Burt**

# The chairman who is all business

TALK in the public bar of the Springbox, a pub serving one of London's top soccer clubs, took a new turn this week. The locals warned that businessmen should stop meddling in soccer and said the game should be left to goal scorers.

The football fans at the Springbox, which sits in the shadow of Loftus Road – the Queens Park Rangers stadium – are worried that their club's most important results are achieved in the boardroom and not on the pitch. Their fears grew this week as they contemplated the crisis at London rival Tottenham Hotspur, which has had its shares suspended by the stock exchange amid reports of secret loans and share deals.

Bob Burns, a QPR supporter for 25 years, blames soccer club chairmen for turning the sport into such a money-oriented industry. Burns, who has a QPR tattoo on his arm, says Richard Thompson, the club's chairman, is a shining example of the rich outsiders deciding the destiny of the national game.

Up until 1988 Thompson's football achievements extended only as far as playing for his public school's third XI. But then, aged 24, he took control of QPR and became the youngest chairman in the football league. He is modest about the move and says: "I was offered the club and said I'd have a crack at it."

The deal was strictly in the family. David Thompson, Richard's father, was the major shareholder in Marler Estates, the property company which last year agreed to sell QPR to his son for £8m.

Richard was able to rely on a family fortune estimated at £300m when he paid for Loftus Road and its players. Today, he also controls Thompson Investments, the private company formed by his father, from where he oversees not only QPR but other assets including Windsor Racecourse, the Cheveley Park Stud at Newmarket and Union Square, the London property company.

Bob Burns is unimpressed. "Lord Lucan has made more appearances at this club than Richard Thompson," he says. "We don't care about the chairman – this club is a toy for him. What does he know about football?"

Thompson smiles easily at that kind of criticism. He is not trying to appease the regulars at the Springbox; he wants to use business expertise to make QPR one of the most successful clubs in Britain. He has inherited invaluable business acumen from his father, a self-made millionaire. He has made enough shrewd deals in the past two years to ensure that QPR is unlikely to succumb to the kind of debt crisis now afflicting Spurs.

Thompson thinks Spurs, which is thought to be about £12m in debt, has over-reached itself by investing in businesses associated only loosely with its success on the pitch. The QPR chairman, speaking to a newspaper for the first time, says his North London rival created its own problems by spending heavily on companies such as Hummel (UK), its loss-making sportswear manufacturer.

"They did not know what they were doing. There was no logic behind their investments," he says. "If a club goes public it has to be run properly."

Thompson keeps a tight rein on QPR from his office near the Ritz Hotel in London's West End, where there is a bust of Mark Anthony by the switchboard. Like Mark Anthony, Thompson was impressed by Rome. While watching the World Cup final in Italy this summer, he decided that British soccer has a lot to learn from the management style of European clubs.

"Football in Britain has been left behind by the Continent. The Italian stadiums are like something out of a different world. We are years behind," he says.

The young tycoon claims to be the first chairman in the UK to adopt a Continental management style: essentially appointing two managers – one to coach the players and another to look after contracts, salaries and administration.

He split the manager's duties after falling out with Trevor Francis, the QPR player-manager sacked last year after a clash of styles with his chairman. Thompson admits he may have been star struck when he appointed Francis, but says the former Juventus player approached him for the job and not vice versa.

"Francis had a great CV as an international and in the Italian League. But it was him who said 'give me a go'. We clashed and there was acrimony. After that I decided to divide the manager's responsibilities."


Francis, now at Sheffield Wednesday, declined to comment.

Thompson likes men with international experience. Don Howe, once England coach, is the coach of a team which includes Ray Wilkins, who has played in the Italian and Scottish leagues, and Paul Parker, the England defender acclaimed for his work in the World Cup.

The club chairman lists Howe, Wilkins and Parker among his most valuable assets but, as a businessmen, says they are essentially commodities which can be traded like any other. The value of a player such as Parker can rise dramatically following outstanding performances. According to Thompson, the secret of soccer management is using such players to build a strong team which attracts lucrative sponsorship and television coverage.

"Our ambition is to use the players – the assets – to offset the liabilities caused by hooliganism, the cost of safety improvements to the ground and wage bills," he says.

Rangers lost the sponsorship of KLM, the airline, last summer. The club blamed: "adverse publicity with regard to hooliganism". "The loss of KLM doesn't hurt us. We're in the process of tying up a new three-year deal," says Thompson.

Only a few of Britain's soccer clubs meet Thompson's criteria of good management: profiting from the transfer market without the loss of a star player affecting gate receipts and TV coverage.

QPR have been cautious about selling their best players to the biggest clubs. Thompson was reluctant to sell David Seaman, his goalkeeper, to Arsenal this year. But the North London club's £1.3m offer was too good to refuse on a player who originally cost £220,000. QPR have replaced him with Jan Stejskal, Czechoslovakia's World Cup goalkeeper, for £600,000.

In Thompson's view, clubs unable to play the transfer market may not survive. "Attitudes have got to change in the boardrooms. New stadiums have got to come and some clubs will have to merge. There are about 90 clubs in the league but any businessman would tell you there should be a merger binge leaving around 30 viable clubs."

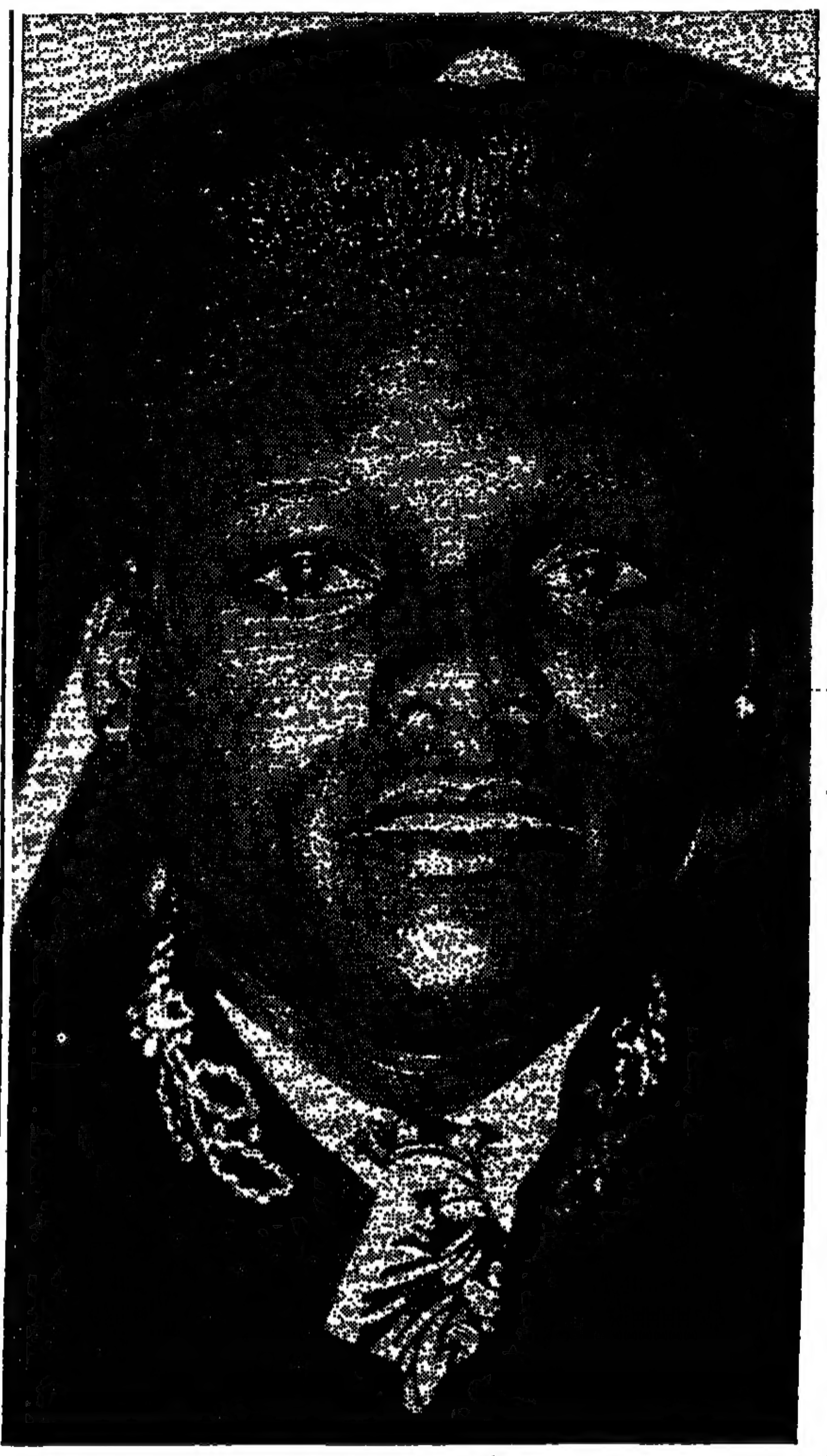
This would lead inevitably to the formation of a super-league, a move opposed by many members of the Football League and Football Association. Thompson, however, thinks the league and the FA have no choice but to adapt to the arrival of the super-league if businessmen are to continue to back soccer.

"As a business proposition, the super-league is inevitable, but the league and FA are very bureaucratic and it's difficult to get decisions," says Thompson, who suddenly leans back and adds that his company "took a hit" – a loss – on staging the Portuguese Open golf championship last week.

When QPR take the pitch today against Norwich their chairman will watch his assets at work. If they win, their value may rise; if they lose, their worth could decline.

Thompson, however, is not given to outbursts of fervour. He will not be standing on his chair and cheering if Wilkins finds the back of the net. He is more excited by the club's continuing success as a business.

"You have to be detached," he says. "You cannot afford to become emotionally involved when you are dealing with an investment."



Fast and furious: Carl Lewis saw the signs in Ben Johnson's eyes

Athletics

# Mr Clean tells an eerie tale

THERE IS an eerie moment at the start of Carl Lewis's biography, *Inside Track*, in which the great American athlete describes the countdown to the men's 100 metres final at the Seoul Olympics in 1988, writes Michael Thompson-Noel.

Lewis was trying to stay cool. But then he saw Ben Johnson, and it was hard to stay cool. The massive Canadian sprinter – soon to reveal himself as history's biggest sports cheat – hardly looked at Lewis. Quickly, they shook hands. But as Lewis looked at Johnson, he realised something.

"As I looked," writes Lewis, who won four gold medals at the 1984 Olympics and would win two more in Seoul, "I noticed that his eyes were very yellow. A sign of steroid use. Ben looked like a weightlifter, and I was used to that by now, but . . . I couldn't stop thinking about those yellow eyes. That bastard did it again, I said to myself."

What Lewis's book does is confirm the extent to which drug-taking was common knowledge among top athletes in the years before the Seoul games. As a result, the fiasco which big-time athletics had become is shown in harrowing detail, and the Olympic organisers – the men who allowed a yellow-eyed druggie to enter the starting blocks for the 100m final – are revealed in an even more unflattering light than hitherto.

As for Mr Clean, Lewis himself is now enjoying rehabilitation among his former critics – those who said he was uppity, said he did drugs, said that he was gay. All in all, the multi-gold winner has had a pretty raw deal. He does not need the money, but the least we can do is buy his book.

■ *Inside Track, Carl Lewis with Jeffrey Marx, Pelham Books, £12.99.*

# TELEVISION & RADIO

## SATURDAY

†indicates programme in black and white

### BBC1

6:00 am Breakfast Serials. 8:55 Bravestarr. 9:00 Going Live! 12:12 pm Weather.

12:15 Grandstand including 12:20 Rugby League (First Test in the British Coal Test Series: Great Britain v Australia at Wembley); 12:35 Motor Racing (Round 2 of the Mobil 1 Rally Challenge, from North Yorkshire); 1:00 Racing from Newbury. 1:10 News. 1:30 Racing from Newbury. 1:40 Rugby League; 2:00 Racing from Newbury. 2:10 Rugby League. 4:10 Rugby Union. (Ireland v Argentina at Lansdowne Road); 4:40 Final Score.

5:00 News. 5:10 Regional News and Sport. 5:15 Stay Tooned! 5:40 The Noel Edmonds Saturday Roadshow. 6:25 Every Second Counts. 7:00 Russ Abbott. 7:30 In Sickness and in Health. 8:00 All Creatures Great and Small. 8:50 News and Sport. 9:10 TV Film: "Cop Killer". 10:45 Ben Elton: The Man from Auntie. 11:20 Film: "The Lost Command" with Anthony Quinn, Alain Delon, George Segal, Michele Morgan and Claudia Cardinale. 1:20-1:25 am Weather.

### BBC2

8:00 am Open University. 11:05 Woodhouse Roadshow. 11:40 Art of Travel. †11:50 The Honeymooners. 12:15 pm Film: "The Court of Billy Mitchell" with Gary Cooper. 1:55 Discoveries Under Water. 2:45 Mahabharat. †3:25 Film: "Valley of the Sun" with Lucille Ball.

4:40 Tennis. The first semi-final of the Midlands Bank Ladies Championship at Brighton. 6:30 Musica Viva. 5:55 Late Again. 6:40 Newsview. 7:25 The Ring of the Nibelung (with Radio 3): the ten-part screening of Wagner's operatic cycle continues with Act 3 of 'The Valkyrie'. 8:50 Saturday Night Clive. 9:35 Moving Pictures. 10:25 Twin Peaks. 11:55-1:45 am Film: "Choose Me" with Keith Carradine and Lesley Ann Warren.

### LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Motormouth. 11:30 The ITV Chart Show. 12:30 pm Posh Frocks & New Trousers. 1:00 ITN News followed by National Weather. 1:05 Local News and Weather. 1:10 Saint & Greavsie. 1:40 Sportsmasters. 2:10 A Tribute to Leonard Bernstein: "West Side Story" starring Natalie Wood, George Chakiris and Rita Moreno. 4:45 Results Service.

5:00 ITN News, followed by National Weather. 5:05 Local News and Weather. 5:15 Disney Cartoon Time. 5:25 The New Adventures of Black Beauty. 5:55 Catchphrase. 6:25 Blind Date. 7:25 Beadle's About. 7:55 Stay Lucky. 9:00 ITN News and Sport followed by National Weather. 9:15 Local Weather. 9:20 Film: "Spies Like Us" with Dan Akroyd and Chevy Chase. 11:15 Desperado. 1:00 am The 1990 MTV Video Music Awards.

### CHANNEL 4

6:00 am Transworld Sport. 9:00 News Summary. 9:03 Channel 4 Racing: The Morning Line. 9:25 Sing and Swing. 9:30 Same Difference. 10:00 Check Out. †10:30 "Andy Hardy Gets Spring Fever". 12:05 pm Any Man's Kingdom. 12:30 American Football Red 42. 11:00 Film: "Bedtime Story" with Frederic March and Loretta Young. 2:35 Channel 4 Racing from Doncaster. 5:10 Brookside Omnibus. 6:30 Right to Reply. 7:00 The World This Week. 8:00 Adventures: Fat Man in Argentina. 9:00 L.A. Law. 10:00 Channel 4 Racing International from Belmont Park. 11:00 Film on Four International presents "The Wrestler" (with English subtitles). 12:40 am Snoops. 1:40 The Story of The Bee Gees.

### S4C WALES

As Channel 4 except:

10:30 am Cynhadledd Plaid Cymru. 1:00 pm Film: "Valley of the Kings" starring Eleanor Parker and Robert Taylor. 6:30 Newyddion. 6:40 Siac Yn Dynn. 7:10 Cyfle Byw. 8:10 Y Mess Chwerae. 9:20 Inspector Morse. 11:10 Breeders' Cup. 12:10 am Opinions.

IBA Regions as London except at the following times:

### ANGLIA

12:30 pm Here Come the Double Deckers. 2:10 The A-Team. 3:05 Movie-Go Round: "The Disorderly Orderly" with Jerry Lewis.

### BORDER

12:30 pm Supercross: The UK Open. 2:10 The Life and Times of Grizzly Adams. 3:05 Film: Golden Salamander" with Trevor Howard.

### CENTRAL

12:30 pm Just Champion. 2:10 Coronation Street. 3:05 "Faces in the Dark" with John Gregson, Mai Zetterling, Michael Denison, John Ireland and Tony Wright. 11:15 "Such Good Friends" with Dyan Cannon, James Coco, Jennifer O'Neill and Nina Foch.

### CHANNEL

12:30 pm Art Attack. 12:30 Cartoontime. 2:10 Hard Time on Planet Earth. 3:05 "Bless This House" starring Sid James and Diana Coupland.

### GRAMPIAN

12:30 pm Le Durachd. 12:40 Abair! 2:10 Coronation Street. 3:05 Saturday Matinee - "Doctor at Sea" with Dirk Bogarde, Brigitte Bardot and James Robertson Justice. 4:45 Scotsport Results. 5:10 Crionagan.

### GRANADA

12:30 pm Here Come the Double Deckers. 12:50 Max, the 2,000- year-old Mouse. 2:10 The Spectacular World of Guinness Records. 12:40 Film: "Scott of the Antarctic" with John Mills, Diana Churchill and Harold Warrender.

### HTV

12:30 pm The World of Golf. 2:10 Coronation Street. 3:05 "The Incredible Shrinking Woman" with Lily Tomalin, Charles Grodin and Ned Beatty. 11:15 HTV West Rugby Special - Bristol v Bath. 12:10 am Matlock.

HTV WALES as HTV except- 11:15 pm Rugby Round-Up.

### SCOTTISH

12:30 pm The Cat in the Hat. 2:10 Coronation Street (Omnibus edition). 3:05 Saturday Cinema on Scottish: "A Day to Remember" with James Hayter and Donald Sinden. 4:45 Scotsport Results. 11:15 The 1990 Video Music Awards.

### TSW

12:30 pm The South West Week. 2:10 Coronation Street (omnibus edition). 3:05 Film: "Touch and Go" with Jack Hawkins and Margaret Johnson. 5:10 Gus Honeybun's Magic Birthdays.

### TVS

12:30 pm Art Attack. 12:50 Cartoon Time.

### TYNE TEES

2:10 pm European Cup Basketball from Crowtree Leisure Centre, Sunderland.. 12:10 "The Night We Dropped a Clanger" with Brian Rix, William Hartnell, Cecil Parker and Leslie Phillips. 5:10 Northern Life - Saturday Special.

### ULSTER

12:30 pm Huckleberry Finn and His Friends. 2:10 The A Team. 3:10 Film: "Died in the Wool" with George Baker.

### YORKSHIRE

12:25 pm The World of Golf. 2:10 Coronation Street. 3:05 "Doctor at Sea" with Brigitte Bardot, Dirk Bogarde, Brenda de Banzie, James Robertson Justice, Maurice Denham, Michael Medwin and Hubert Gregg.

### BBC RADIO 2

(S) Stereo on FM

5:05 am Ronnie Hilton with Sounds of the 50s. 6:00 Brian Matthew with Sounds of the 60s. 10:00 Anne Robinson. 12:05 pm Gerald Harper. 1:30 The News Huddlines. 2:00 Robin Ray on Record. 3:00 Gerry Anderson. 4:45 Bryan Rodwell at the console of the Hammond Super CZ 2000.

5:00 Cinema 2. 5:30 Junkin's Jokers with John Junkin. 6:00 Country Greats in Concert. George Hamilton IV introduces Anne Murray. 7:00 Beat the Record. 7:30 Joan Savage. 8:00 Easy Does It with the BBC Big Band. 10:00 Radio 2 Arts Programme with Sheridan Morley. 12:05 am Cinema 2. 12:30 Pop Score. 1:00-4:00 Night Ride.

### BBC RADIO 3

7:00 am Morning Concert. 6:00 News. 8:05 Irish Chamber Orchestra with Ann Murray (mezzo): Mozart (Symphony No 35, 'Haffner', and arias: 'Non so piu cosa son' and 'Voi, che sapete' from 'Figaro'), Haydn (Symphony No 26, 'Lamentatione'). Rossini (Finale from Act 2 of La cenerentola). 9:30 Saturday Review. 12:05 pm Words with philosopher Anthony Grayling.

1:00 News. 1:05 Songs, Hymns and Sonnets. Robert Hall (bass baritone) and Rudolf Jansen (piano): Beethoven (Six Songs to Sacred Texts by Gellert Op 48; An die Hoffnung), Schubert (Hymns I; Litanei; Marie; Nachthymne), Pfitzner (3 Sonnets Op 41).

2:10 BBC Symphony Orchestra at 60. Berlioz (Overture: Roman Carnival, conducted by Boult), Debussy (La mer, conducted by Toscanini); (2:45 Nicholas Kenyon talks to William Glock); 2:55 Berlioz (Overture: Benvenuto Cellini, conducted by Colin Davis), Messiaen (Chronochromie, conducted by Dorati), Debussy (Nocturnes, conducted by Boulez).

4:00 Tuning Up. Recorder player Piers Adams talks to Chris de Souza and plays music ranging from Jan Eyck, Corelli and Ortiz to Brahms, Rimsky-Korsakov and Ibert, with Howard Beach (fortepiano) and Richard Durrant (guitar). 5:00 Jazz Record Requests. 5:45 Third Opinion with Christopher Cook. 6:30 Brahms: Martin Roscoe and Ronan O'Hora play the four symphonies arranged for two pianos: No 1.

7:10 Addio (short story by Penelope Gilliatt). 7:25 The Ring of the Nibelung (with BBC2): The Bavarian State Opera production of Wagner's operatic cycle continues witg Act 3 of 'Die Walkure'. 8:50 Prokofiev and Schnittke violin sonatas played by Mark Lubotsky with Peter Frankl (piano).

9:40 Issues: Philip Allott discusses his new book "Eunomia" with Sir Anthony Parsons and Robert Hewison.

10:05 "Il Parnaso Confuso," Gluck's comic opera in a performance conducted by Roger Norrington with the London Classical Players. 11:15 Schubert Ensemble of London. Suk (Piano Trio in C minor), Mahler (Piano quartet movement), Michael Berkeley (For the Savage Messiah). 12:00-12:05 am News.

### BBC RADIO 4

7:00 am Today. 8:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends (s). 11:00 News; The Week in Westminster with Robin Oakley. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather.

1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Any Answers? 2:30 Saturday Playhouse (s). 4:00 News; Looking Eastwards to the Sea (s). 4:30 Science Now. 5:00 Largely Walters. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-up. 6:25 Citizens. Omnibus Edition (s). 7:10 Stop the Week with Robert Robinson (s). 7:45 Classic Serial: The Forsyte Chronicles (s). 8:45 Tough Cookies (s). 9:10 Music in Mind (s). 9:30 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 Open Mind. 10:45 Uncle Mort's South Country (s). 11:00 Richard Baker compares notes with 90-year-old singer Joan Cross (s). 11:30 The Sit-Crom (s). 12:00 News.

### BBC RADIO 5

6:30 am Morning Edition. 9:02 On Your Marks. 12:00 Sport on 4 Plus 1. 12:30 pm Sports Call.

1:30 Sport on 5 including Rugby League (Gt Britain v Australia from Wembley); Football (reports and second-half commentary from the Barclays League First Division); Cricket from Perth; Racing from Doncaster, plus rugby union, golf and tennis. 5:00 Sports Report.

6:00 As Radio 4. 10:00 Sport. 10:15 As Radio 4. 11:00 Sport. 11:10 World Service. 12:00-12:10 am Sport.

## SUNDAY

†indicates programme in black and white

### BBC1

8:45 am Through the Garden Gate. 9:15 Inigo. 9:30 This is the Day. 10:00 A Vous La France! 10:25 Espana Viva. 10:50 You and 92. 11:25 Business Matters. 11:50 Help Your Child with Reading. 12:05 pm See Hear! 12:30 Country File. 1:00 News; On the Record. 2:00 EastEnders. 3:00 Film: "The Sandpiper" with Elizabeth Taylor and Richard Burton. 4:55 Red and Blue (animated double-bill). 5:05 The Clothes Show. 5:30 Hearts of Gold. 6:15 Life on Earth. 6:25 News. 6:40 Songs of Praise. 7:15 Last of the Summer Wine. 7:45 Howards' Way. 8:35 Bread. 9:05 The Green Man. 10:00 News. 10:15 Heart of the Matter. 10:50 The Days and Nights of Molly Dodd. 11:15 Clean Slate. 11:45 Mahabharat (subtitled).

### BBC2

7:30 am Children's BBC Two starts with King Rollo. 7:35 Playdays. 7:55 Is That a Fact? 8:10 Pinocchio. (Cartoon). 8:30 Animal Album. 8:45 Litt'l Bits. 9:10 Corners. 9:30 Dungeons and Dragons. 9:55 Blue Peter Omnibus. 10:40 Uncle Jack...and Operation Green. 11:15 Box-pops. 11:50 The O-Zone. 12:00 Film: "Joyous Sound" starring Lassie. 1:10 pm Born Talking. 2:00 Tennis: final of the Midland Bank Ladies Championships from Brighton. 4:30 A Taste of Food and Drink Special. 4:30 A Taste of Jazz (recorded during the 1990 International Bath Festival). 5:00 Rugby Special. 6:00 Juke Box Jury. 6:35 The Money Programme. 7:15 The Trials of Life. 8:05 Nippon. 9:05 Film: "Ran" (subtitled). 11:40 Dance Energy. 12:20-12:55 am Rapido.

### LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: The Disney Club. 10:45 Link. 11:00 Morning Worship. 12:00 The Human Factor. 12:30 pm LWT News Weekend. 1:00 ITN News. 1:10 Walden (interview with Sir Geoffrey Howe). 2:00 Film: "Beneath the Planet of the Apes" with Charlton Heston and James Franciscus. 3:45 Cartoon Time. 4:00 The London Match. 5:00 Sunday Sunday. 6:00 The River Thames. 6:30 ITN News, followed by National Weather. 6:35 Local News and Weather. 6:40 Highway. 7:15 Close to Home. 7:45 The Ruth Rendell Mysteries. 8:45 ITN News followed by National Weather. 9:00 Local Weather. 9:05 London's Burning. 10:05 Hale & Pace. 10:35 The South Bank Show. 11:35 Comics, the Ninth Art. 12:10 am The ITV Chart Show.

### CHANNEL 4

6:00 am Transworld Sport. 7:00 Gardeners' Calendar. 7:30 Once Upon a Time. Life. 8:00 Dennis. 8:30 Bobobobs. 9:00 Early Bird. 9:25 Orientations. 10:00 A Week in Politics - Second Reading. 10:45 Dennis. 11:00 Owl TV. 11:30 Grim Tales. 11:45 The Astrology Show. 12:00 The Waltons. 1:00 pm Land of the Giants. 12:00 "The Sound Barrier" starring Ralph Richardson. 14:10 Nat King Cole Show. 4:40 Answering Back. 5:25 News Summary and Weather followed by Road to Avonlea. 6:30 The Cosby Show. 7:00 Equinox: The Winning Streak. 8:00 American Football. 9:30 The Media Show. 10:15 Hollywood Mavericks: "Fool for Love" with Kim Basinger. 12:15 am Tribute to Paradjanov: "Shadows of our Forgotten Ancestors" (Teni Zabytykh Predkov).

### S4C WALES

As Channel 4 except-

10:45 am Land of the Giants. 12:55 pm Now You're Talking. 1:20 O Bedwar Ban. 1:30 Swrw Mlaen. 2:00 Equinox. 3:00 Daily Telegraph Junior Golfer of the Year. †4:00 Feature Film: "Great Guns" with Stan Laurel and Oliver Hardy. 5:20 History of the Cinema. 6:30 Sportraits. 7:00 One Armed Bandit. 7:05 Newyddion. 7:10 Gwyniryn. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 8:00 Gwynfor. 9:45 Re-Play. 10:00 American Football. 11:30 The Media Show.

IBA Regions as London except at the following times:

### ANGLIA

12:30 pm Farming Diary. 2:00 Members Only. 2:25 Anglia Soccer Special. 3:25 McCloud. 4:50 Cartoon Time. 5:00 Highway to Heaven. 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

### BORDER

12:30 pm Here come the Double Deckers. 2:00 Katts and Dog. 2:30 Scotsport. 5:05 Coronation Street (Omnibus edition). 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

### CENTRAL

12:30 pm Gardening Time. 2:05 Cartoon. 2:10 The Life and Times of Grizzly Adams. 3:05 Film: "Up in Arms" with Danny Kaye, Dinah Shore and Dana Andrews. 5:05 Bullseye. 5:35 The A-team. 11:35 Prisoner: Cell Block H.

### CHANNEL

12:30 pm Reflections. 12:35 Les Francais Chez-Vous. 12:45 Tele-Journal. 12:50 Cyril Fletcher's TV Garden. 2:00 Highway to Heaven. 2:55 Diamonds. 5:00 The A-team. 6:00 Bullseye. 11:35 The Human Factor. 12:05 am The New Avengers.

### GRANADA

12:30 pm Granada This Week. 2:00 Richmond Hill. 2:55 First Division Special. 4:10 The Wonderful World of Disney. 5:05 All Clued Up. 6:35 Coronation Street. 11:35 Prisoner: Cell Block H.

### HTV

12:30 pm The Spectacular World of Guinness Records. 2:00 Clive's Walks, followed by Weather for Farmers. 2:30 HTV Newsweek. 12:55 "Carry on Regardless" with Sidney James, Kenneth Connor, Joan Sims and Kenneth Williams. 4:30 Highway to Heaven. 5:30 Who's the Boss? 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

HTV WALES as HTV except- 12:30-12:55 pm Survival. 2:00 Farming Wales, followed by Weather for Farmers. 2:30-2:55 The Spectacular World of Guinness Records.

### SCOTTISH

[illegible]

### TSW

[illegible]

### TVS

[illegible]

### TYNE TEES

[illegible]

### ULSTER

[illegible]

### YORKSHIRE

[illegible]

### BBC RADIO 2

[illegible]

### BBC RADIO 3

[illegible]

### BBC RADIO 4

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### BBC RADIO 5

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